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# DOD 4TH ESTATE: IMPROVEMENTS AND EFFICIENCIES FOR THE SERVICES

McCoy, Damon L.; Holmes, Leanne S.; Carhart, John S.

Monterey, CA; Naval Postgraduate School

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# NAVAL POSTGRADUATE SCHOOL

MONTEREY, CALIFORNIA

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JOINT APPLIED PROJECT REPORT

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## DOD 4TH ESTATE: IMPROVEMENTS AND EFFICIENCIES FOR THE SERVICES

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**June 2021**

**By:**                    **Damon L. McCoy**  
                             **Leanne S. Holmes**  
                             **John S. Carhart**

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<b>13. ABSTRACT (maximum 200 words)</b>  This paper recommends how Defense Agencies and Field Activities (DAFA) should consolidate efforts and reconfigure itself to better align its own missions with those of its customers and save the DOD money to spend on other projects. The DOD should also look to cut the DAFA budgets from a bottom-up approach and not a percentage slice across the top of all agencies. DAFA could implement eight measures to improve efficiencies, with or without budget cuts:  <ul style="list-style-type: none"> <li>• Agency—Facilities Mergers &amp; Formations</li> <li>• Agency and Facilities Closures</li> <li>• Agency Mission Expansions</li> <li>• Service Expansions</li> <li>• Service Privatization</li> <li>• Service Enhancements</li> <li>• IT Enhancements</li> <li>• Contingency Response Force</li> </ul> The effects of the COVID-19 pandemic have also caused exploration of how the federal government must rethink the work environment. The DOD must invest more resources in information technology and allow commands the flexibility to accomplish their missions, as disruptive events will continue to occur in the future. Integrated DOD systems and in-house resourcing will be key to creating a new environment that provides for pandemic precautions and yet is nimble enough to continue the mission. Our research supports the idea that the mission can now sometimes be accomplished by means other than travel. The data shows that the DOD could reduce its physical footprint by moving toward needs-based congregation, personnel, and facility sharing.				
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**DOD 4TH ESTATE: IMPROVEMENTS AND EFFICIENCIES FOR THE  
SERVICES**

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Submitted in partial fulfillment of the  
requirements for the degree of

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from the

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# **DOD 4TH ESTATE: IMPROVEMENTS AND EFFICIENCIES FOR THE SERVICES**

## **ABSTRACT**

This paper recommends how Defense Agencies and Field Activities (DAFA) should consolidate efforts and reconfigure itself to better align its own missions with those of its customers and save the DOD money to spend on other projects. The DOD should also look to cut the DAFA budgets from a bottom-up approach and not a percentage slice across the top of all agencies. DAFA could implement eight measures to improve efficiencies, with or without budget cuts:

- Agency—Facilities Mergers & Formations
- Agency and Facilities Closures
- Agency Mission Expansions
- Service Expansions
- Service Privatization
- Service Enhancements
- IT Enhancements
- Contingency Response Force

The effects of the COVID-19 pandemic have also caused exploration of how the federal government must rethink the work environment. The DOD must invest more resources in information technology and allow commands the flexibility to accomplish their missions, as disruptive events will continue to occur in the future. Integrated DOD systems and in-house resourcing will be key to creating a new environment that provides for pandemic precautions and yet is nimble enough to continue the mission. Our research supports the idea that the mission can now sometimes be accomplished by means other than travel. The data shows that the DOD could reduce its physical footprint by moving toward needs-based congregation, personnel, and facility sharing.



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## LIST OF ACRONYMS AND ABBREVIATIONS

C/EX	Commissaries and Exchanges
DAFA	Defense Activities and Field Activities
DARPA	Defense Advanced Research Projects Agency
DAU	Defense Acquisition University
DCAA	Defense Contract Audit Agency
DCMA	Defense Contract Management Agency
DCSA	Defense Counterintelligence and Security Agency
DCS	Defense Collaboration Services
DeCA	Defense Commissary Agency
DFARS	Defense Federal Acquisition Regulations Supplement
DODEA	Department of Defense Education Agency
DHA	Defense Health Agency
DHRA	Defense Human Resources Activity
DFAS	Defense Finance and Accounting Agency
DODIG	Department of Defense Inspector General
DIA	Defense Intelligence Agency
DISA	Defense Information Systems Agency
DMA	Defense Media Activity
DMEA	Defense Microelectronics Activity
DPAA	Defense POW MIA Accounting Agency
DPAP—SA	Defense Procurement and Acquisition Policy, Services Acquisition
DSCA	Defense Security Cooperation Agency
DTIC	Defense Technical Information Center
DTRA	Defense Threat Reduction Agency
DTSA	Defense Technology Security Administration
EDA	Electronic Data Access
FAR	Federal Acquisition Regulation
GAO	Government Accountability Office
GOCO	Government Owned Contractor Operated
ICS	Inventory of Contracted Services



JCS	Joint Chiefs of Staff
MDA	Missile Defense Agency
MDO	Modifications and Delivery Orders
MOCAS	Mechanization of Contract Administration Services
NDU	National Defense University
NGA	National Geospatial-Intelligence Agency
NRO	National Reconnaissance Office
NSA	National Security Agency
OMB	Office of Management and Budget
OSD	Office of the Secretary of Defense
PCO	Procurement Contracting Officer
PFPA	Pentagon Force Protection Agency
SCR	Service Contract Reporting
TMRC	Test Management Resource Center
USUHS	Uniformed Services University of Health Sciences
WHS	Washington Headquarters Services

## **EXECUTIVE SUMMARY**

The Defense Agencies and Field Activities (DAFA), also known as the Fourth Estate, must evolve into a more valuable asset to the military services by making changes that are more beneficial to its customers. Some DAFA agencies should lean forward with further integration into their military customers by better aligning their mission outcomes and expanding services. Other agencies should be merged together, down-scoped, or closed in order to privatize less efficient services. And finally, some new agencies should be established in order to harness and synthesize the administrative actions that the military components are performing individually.

The COVID-19 pandemic has hastened the need for alternative work arrangements and created the opportunity to change and demonstrated that work previously done in proximity to work activities, such as at contractor facilities or headquarters in the Washington DC, area can be transferred to virtual pools throughout the Department of Defense (DOD), optimizing the already-in-place civilian workforce, before contracting for outside services. DAFA must find new ways to meet customer needs and hone and promote these new services without sacrificing existing capabilities. This paper gives several recommendations that the Fourth Estate should implement to consolidate efforts and support the military mission. Eight action items should be implemented:

1. Agency—Facilities Mergers and Formations
2. Agency and Facilities Closures
3. Agency Mission Expansions
4. Service Expansions
5. Service Privatization
6. Service Enhancements
7. IT Enhancements
8. Establishment of Contingency Response Force

By taking these actions, the DOD will be able to comply with the Government Accountability Office's (GAO's) recommendations, which state that "military departments generally have not developed plans to use the inventory for workforce and budget decisions, as statutorily required. This is consistent with what the Government Accountability Office (GAO) found and reported on in November 2014 and October 2016. GAO's analysis found that the military departments' guidance generally does not require using the inventory in workforce and budget decisions" (DiNapoli, 2018, p. 2).

Service Taxonomy is broken down into eight portfolio groups (Office of the Under Secretary of Defense, 2012):

#### Knowledge-Based Services

- Engineering Management Services
- Program Management Services
- Logistics Management Services
- Management Support Services
- Administrative & Other Services
- Professional Services
- Education & Training

#### Equipment-Related Services

- Maintenance, Repair and Overhaul
- Equipment Modification
- Installation of Equipment
- Quality Control
- Technical Representative Services
- Purchases & Leases
- Salvage Services

#### Facility-Related Services

- Architect/Engineering Services
- Operation of Government Owned Facilities
- Machinery & Equipment Maintenance
- Building & Plant Maintenance
- Natural Resource Management
- Utilities
- Housekeeping & Social Services
- Purchases & Leases

## Medical Services

- General Medical Services
- Dentistry Services
- Specialty Medical Services

## Transportation Services

- Transportation of Things
- Transportation of People
- Other Travel & Relocation Services

## Electronics and Communications Services

- ADP Services
- Telecom Services
- Equipment Maintenance
- Equipment Leases

## Research and Development

- Systems Development
- Operational Systems Development
- Technology Base
- Commercialization
- Advisory & Assistance

## Construction Services

- Structures & Facilities
- Conservation & Development Facilities
- Restoration Activities

Within the eight service portfolio groups, several are required to be included in military departmental submissions to Congress for intentional outside sourcing: logistics management services, equipment-related services, knowledge-based services, and electronics and communications services (Office of the Under Secretary of Defense, 2012). We believe that by implementing the recommendations herein, DAFA could improve services to make inroads for better budget decision-making by pulling some of the work back into the DOD, leaving the more complicated work for procured services. The two areas of greatest interest are knowledge-based services and logistics management services.

Finally, if the DOD were to create a cadre of service managers who work to cut out the overhead that is baked into the procurement “pie” when contracting for outside services, the DOD will save billions of dollars in overhead in both the short and long run. This paper demonstrates that by building a pliable pool of ready federal employees and government wage earners, supervised by a cadre of service managers, the DOD, in a growing number of group portfolios of service areas, will steadily gain more competent employees, whether as wage earners or fully vetted General Schedule employees. This scenario will build assets and be cheaper than hiring companies that charge high overheads to the DOD, which does little to nothing to benefit the government.

## References

DiNapoli, T. (2018). DOD contracted services, long-standing issues remain about using inventory for management decisions (GAO-18-330). Government Accountability Office.

Under Secretary of Defense, Defense Pricing (2012, August 27), *Taxonomy for the Acquisition of Services and Supplies & Equipment.*, <https://www.acq.osd.mil/dpap/policy/policyvault/USA004219-12-DPAP.pdf>

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## I. INTRODUCTION

In 2020, the Department of Defense (DOD) was once again leaning on the Fourth Estate Agencies to find efficiencies (i.e., budget cuts) to make up funding shortfalls for priorities elsewhere in the department, such as research and development, more supplies, and increased pay for the warfighter. To deal with budget shortfalls, the DOD sometimes considers its federal civilian workforce, otherwise known as full-time equivalencies (FTE), as semi-disposable labor resources. We hypothesize throughout this research that a better approach should first take measures to optimize the capabilities, talents, and skills throughout the department and maximize their usage across agencies so as not to overuse and overspend on outside contracting services.

Some of the full and continuous work and activities that many DOD civilian FTE could perform are quickly shifted to outside contracted services of private organizations. Research conducted by the Project on Government Oversight (POGO) states that, historically, the federal government wastes money by hiring outside services contractors (Chassy & Amey, 2011). It has been determined that service contractors come to 2.94 times more cost than the average federal defense employee performing similar functions (Amey, 2012). The number of full time equivalents (FTE) in both workforces is basically the same; however, the salaries are very different: “DOD service contracts cost \$253.8 billion and DOD’s civilian workforce costs \$72 billion (base) or \$108 billion (base plus overhead) in FY 2010” (Amey, 2012, para. 2). Other more recent articles confirm that the same trend continues. As late as 2018, the online magazine *Government Executive* noted that outside contractors cost 316% more than their civilian counterparts. This means that taxpayers’ dollars are being overspent by as much as 316% in some cases (Katz, 2018).

Plenty of reasons necessitate contracting outside services, such as the skills to perform the task not residing in the DOD at the place where they are needed, operations and maintenance (O&M) budget concerns, the need to meet the small business contracting goals mandated by Congress, and more complex requirements. But more often than not, the reason to hire outside services is because some specialties are required only for a certain project or time period (agility in the start and stop of the work activity) and the skills needed



are very specific. Certain skills are so precise that the employee could not be adequately compensated by normal compensation systems, even by the top bandwidth and step of the general schedule (GS), or any other compensation schedule, for payment purposes. If the highest skilled workers could be compensated, then those personnel would be, with in a matter of time, undercompensated and ultimately leaving government service, thereby creating another gap that would have to be filled with less qualified individuals or outside contractors. So, the need and gap cycle become perpetual.

The other costs and problems not captured in the POGO study were processes unique to service acquisition. Service contracts differ from materials contracts because services are intangible. Each service performed is unique to that customer or service provider and is therefore difficult to replicate over a wide spectrum of customers. Evaluations of performance are usually subjective. The three phases of service acquisition—plan, develop, and execute—with its 15 steps can take twice as long to procure the service and more than twice the amount in the internal costs to work the contract actions. The government is paying government employees to take all the steps to procure outside services and then to monitor performance. There are some cases in which it would save the DOD money to retain a trained, prepared, and mobile contingency of federal employees ready to supplant these contracted services.

There is another reason that the DOD outsources professional services: political optics. Congress is more willing to cut the federal civilian workforce deeper and faster than military personnel. Outside service procurements cover the bases and do not carry the same political baggage. It makes for better press at home. If military personnel are cut, then it stands to political reasoning that the DOD civilian workforce should be cut as well. However, even when a direct military threat has been removed and military personnel cut, the preparation for the next threat does not diminish. The work done at program offices, contracting shops, contractor facilities, research and development laboratories, and government-owned organizations must still continue. Contracting, cost analysis, auditing, intelligence gathering, and thousands of other activities simultaneously remain at the same or even increasing levels. Someone must still perform the work, but what is sometimes characterized as a “bloated” civilian workforce is not what Congress wants to have in a

time of budget cuts. The work is therefore shifted to procurement funding, which can be a lot more costly, but politically safer.

Unfortunately, outside of its procurement programs, the DOD manages only to budget, and not to cost. Defense activities and field activities are budgeted by Congress a certain amount for O&M, inside of which the dollar amount of the FTE occupation count is also appropriated. Each agency is expected to meet its FTE quota—not exceed, and not undershoot. Congress dictates the agency’s FTE count, as well as funding, thereby severing any chance for the agency to demonstrate savings and efficiencies, or configure its staffing in a manner that it sees fit. Using the numbers from the Inventory of Contracted Services (ICS) on the DPAP website, if only 10% of the \$190 billion allocated in 2019 to procuring outside services were reallocated to DAFA O&M funding, and then DAFA directors were tasked to show savings of 15%, that could be translated into a \$2.8 billion savings, if they were also held to managing to cost and not just overall budget (DPAP, 2021).

This paper demonstrates ways that the DOD could maximize the use of its existing workforce before turning to contracted services. Other recommendations include agency mergers in which two or more agencies that are already working in tandem, or have overlapping activities, could create synergies and efficiencies, if their employees had access to each other’s systems and delegation bureaucracy were eliminated. The DOD should create an overarching Human Resources agency that will facilitate such fluidity within the whole department, not just within its separate agencies. There is also a multitude of services that the Fourth Estate could perform that, if given the authority, could be expanded and assist the military services. On the other hand, there are other agencies, such as the Defense Commissary Agency, that should be downsized to an office that manages the private entity that would run all of the DOD’s commissaries and exchanges.

The COVID-19 pandemic has further demonstrated that some work that was formerly performed in brick-and-mortar offices can be done just as efficiently from remote locations, if resources and recommendations from this paper are implemented. Therefore, many facilities that the DOD owns or rents could be sold or let the lease expire. Before cutting a highly skilled federal workforce out of the equation, ones with all the knowledge that has been accumulated over the years, the secretary of defense should seriously look at

creating a cadre of service managers and increase the number of individually hired wage earners (WG) to be converted into civilian FTEs (GS) in order to use procurement funds more prudently for contracting outside services.

The purpose of the thesis is to recommend eight different approaches to cutting the budgets of the DAFA, instead of making a top line slice across all agencies and contracting for more outside services, which simply shift expenditures from O&M to Procurement dollars.

1. Agency—Facilities Mergers & Formations
2. Agency and Facilities Closures
3. Agency Mission Expansions
4. Service Expansions
5. Service Privatization
6. Service Enhancements
7. IT Enhancements
8. Establishment of Contingency Response Force

The value of some DAFA agencies to the effectiveness of the military services is greater than others and, therefore, should be taken under consideration, along with their unique abilities to create value and efficiencies by making changes in hiring and working arrangements. We came to our conclusions through interactions with subject matter experts to include both DAFA employees and military services members.

Follow ups with senior military and Senior Executive Service (SES) personnel gave us insight to wider picture of direct implementations that will have decisive effects on how the DOD approaches personnel and real estate management. The research also included and was supported by GAO reports, commissioned reports by the DOD, and literature reviews of published works in the field of Government and Public Policy.

In Chapter II we begin our research and recommendations with the business improvements that should be made, which covers the first seven of the eight recommended

approaches to cut the budgets of the DAFA. These recommendations will, if implemented in a timely manner, produce dividends both immediately and in the long run. Then Chapter III covers the emergency the Contingency Response Force. This section will explore the need to rapidly deploy some DAFA personnel in response to an array of worldwide contingencies to augment the military services beyond what is currently offered.

## **A. BACKGROUND**

Article I, Section 8 of the U.S. Constitution states that Congress shall have the power “to raise and support Armies” and “to provide and maintain a Navy.” Nowhere in the Constitution is it stated that department-wide agencies should exist; therefore, it is incumbent upon the defense secretary to monitor the needs of the military services and ensure that the Fourth Estate is adequately providing for them.

Meaningful long-lasting reform attempts of the Fourth Estate are difficult in that DOD senior leadership and political appointees rotate every 2–4 years on average (OPM, 2017). Shorter time in assignments for senior leaders often make it more difficult to develop strategic plans and, thus, they tend to focus more on smaller, tactical reforms. In the past the procurement of weapons systems and the training of the warfighter is more an immediate concern than the support that makes them materialize and function. The Fourth Estate is basically a system of support functions including contracting, human resources management, and accounting systems. These functions have historically been considered less prestigious and received comparatively less management attention (Candрева, 2017).

In 1996, the Quadrennial Defense Review (QDR) became the premier study by the DOD to analyze possible military threats and strategic objectives (Department of Defense, 2018). This report, issued every 4 years since its inception, now coincides with the publication of the successive year’s budget request. “The congressionally mandated Quadrennial QDR directs the DOD to undertake a wide-ranging review of strategy, programs, and resources” (Defense, 2018, para. 2). Most important to this thesis is that it explores new approaches to addressing the most pressing near and long-term challenges. Specifically, the QDR is anticipated to define a defense strategy congruent with the most current National Security Strategy by defining “*force structure, modernization plans, and*

a *budget plan*” (Mehta, 2021, para. 9). In 2018, the QDR was changed to the National Defense Strategy (Mehta, 2021).

While several attempts at addressing the requirements of the QDR over the years were found insufficient, the DOD formally established the position of Deputy Chief Management Office (DCMO) by a directive in October of 2008. The Officer of CMO (OCMO) is responsible for coordinating defense management operations, ensuring the most favorable arrangement in the sustainment of DOD’s mission. Furthermore, the directive entrusted the OCMO with specific functions in strategic planning, capability management, process refinement, and defense business surveillance oversight (Mehta, 2021).

The 2021 National Defense Authorization Act (NDAA) eliminated the CMO position immediately and breaks up the OCMO in 2021. With this change, its responsibility moved to the deputy secretary of defense, giving the “deputy secretary of defense the authority to significantly improve the transformation of the DOD’s business operations and processes over the status-quo that never fulfilled the statutory requirements of the position” (Mehta, 2021, para. 9). Although the OCMO no longer exists, the Fourth Estate must continually show relevancy and find efficiencies to meet the demands of the military services who need more bang for their buck every year. Since the 1960s the military has converted more and more jobs that were once performed by uniformed personnel to federal civilian employees and contractors, both called full-time equivalents (FTE) (Eisler et al., 2018). The Institute for Defense Analyses calls this the *civilianization* of noncombatant work in the DOD in order to remilitarize the military (Eisler et al., 2018).

“In 2019, Defense Secretary Mark Esper directed Pentagon officials to scrutinize Fourth Estate spending to put money toward technology development and other priorities. In January 2020, he announced that he had found \$5.7 billion to shift” (Peniston, 2020, para. 5). These types of cuts or budget flattening will continue, if the DOD hiring and retainment strategy does not change.

Table 1 encompasses a list of the Fourth Estate agencies.

Table 1. List of Fourth Estate Agencies

Defense Acquisition University (DAU)
Defense Advanced Research Projects Agency (DARPA)
Defense Commissary Agency (DeCA)
Defense Contract Audit Agency (DCAA)
Defense Contract Management Agency (DCMA)
Defense Counterintelligence and Security Agency (DCSA)
DOD Dependents Education Agency (DODEA)
Defense Finance and Accounting Service (DFAS)
Defense Health Agency (DHA)
Defense Human Resources Activity (DHRA) [Field Activity]
Defense Information Systems Agency (DISA)
Defense Legal Services Agency (DLSA)
Defense Logistics Agency (DLA)
Defense Media Activity (DMA) [Field Activity]
Defense POW/MIA Accounting Agency (DPAA)
Defense Security Cooperation Agency (DSCA)
Defense Technical Information Center [Field Activity] (DTIC)
Defense Technology Security Administration [Field Activity] (DTSA)
Defense Threat Reduction Agency (DTRA)
Missile Defense Agency (MDA)
National Geospatial-Intelligence Agency (NGA)
National Reconnaissance Office (NRO)
National Security Agency/Central Security Service (NSA/CSS)
Office of Economic Adjustment [Field Activity] (OEA)
Office of the Secretary of Defense (OSD)
Pentagon Force Protection Agency (PFPA)
Space Development Agency (SDA)
The Joint Staff (TJS or Joint Chiefs of Staff (JCS)
Washington Headquarters Services [Field Activity] (WHS)

## B. METHODOLOGY AND DATA

To answer the research question of how to improve Fourth Estate value, we employed an exploratory, qualitative research approach, incorporating a review of relevant reports, such as from the GAO and other government literature. We also contacted numerous stakeholders and subject matter experts, and analyzed data on service contracts,

internal processes, and budgets. The goal of this review is to explore different methods by which the DOD could improve Fourth Estate agency value and make recommendations in compliance with current statutes, regulations, and policies. Each recommendation is described without controlling any variables.

Our research hypothesizes that there is more space in which the Fourth Estate can work for the military services before turning to outside contracted services, which alludes to the appearance that the DOD is “doing more with less.” The problem of Fourth Estate efficiency has been touched upon in many articles and GAO reports, but not in depth that we have brought here. The economics of our recommendations aim to prove that improving business functions and maximizing current assets, with few exceptions, is a better alternative to cutting government FTEs and outsourcing.

We are using agency theory, in broad terms, as the relationship between two parties in which one, the Fourth Estate agencies, represents the other, the DOD, in day-to-day transactions that are not performed by the military services. The DOD created the Fourth Estate agencies to perform consolidated, centralized services on behalf of all military services. The Secretary of Defense delegates decision-making authority to the agencies. But because of mission misalignments, changing environments, and funding constraints, many budgetary decisions made in the past no longer make sense to maintain, such as top line budget cuts. The ultimate effect is that the principal looks to the agencies O&M sooner than other funds to make efficiency decisions, mainly in the form of budget cuts. Mission alignment should be an ongoing conversation between principal and agencies year after year so they can then budget and make civilian FTE alignment shifts between agencies and to the services accommodate those changes. Risk should be a long-term management responsibility and not set on short-sighted budget goals in that the principal may believe that it is incurring little or no risk by the decisions to cut the agencies’ services. We believe that the short game will ultimately come back to hurt the principal if the agencies are not used to their fullest extent.

Our approach is to give a full complement of tools to find ways to save money and find efficiencies within the department. This differs from other theses and reports in which a singular notion for savings and efficiencies is given or, in the case of GAO reports, no

clear standard is given for the department to follow (DiNapoli, 2017). An example is the case of GAO-17-17, *DOD Inventory of Contracted Services*, in which it's reported that the DOD did, indeed, generate the Inventory of Contracted Services, but did not use it for budgeting purposes. However, the GAO gives no clear standard to follow on how the DOD should use the ICS to make decisions and what goal should be met (DiNapoli, 2016). This paper builds on recommendations from the GAO, RAND, and other investigators of this subject.

### **C. OBJECTIVES OF THE STUDY**

The objective is to give the DOD recommendations on how to achieve some of the enterprise-wide reform saving targets gather from the ICS totaling \$46 billion over FY2019-FY2024 (DPC, 2021). Our recommendations will focus on maximizing the use of DOD FTEs, especially in the Fourth Estate; improving business functions through a series of changes in internal DOD services; and addressing institutional resistance to cultural change. This report gives a comprehensive set of recommendations with supporting reasons. We also provide recommendations on how the DOD can improve preparation and put itself on a better footing for future emergency situations, such as COVID-19.

### **D. LITERATURE REVIEW**

The purpose of the literature review is to identify other literary works that have examined the opportunities, advantages, and disadvantages to changing the use of Fourth Estate, or the DAFAs before utilizing contracted services. In pursuing this question, it is necessary to understand how the military, civilians, and contractors are determined to carry out mission and relevant risks. A review of Department of Defense Instructions (DODIs), GAO, Institute for Defense Analysis (IDA), and RAND reports, and the DOD Inventory of Contracted Services in the DOD and other government documents revealed that there are still procedural gaps in determining whether military personnel, government employees, or contractors should be utilized.

Congress and DOD officials set the numbers and end strength workforce mix of uniformed military and civilians through a top-down approach (Eisler et al., 2018). A bottom-up approach may be a better approach for efficient workforce management as



identification of mission, tasks, and functions provide total workforce requirements. Reviewing the mission and task will identify if the tasks are inherently governmental activity. After the strength of the military for operational readiness is assessed, government civilian numbers are calculated, and then remaining tasks can be filled by contractor service contracts. The IDA wrote a report for the DOD called “Managing the Total Force: Using Civilianization to Militarize the Military,” in which they identified ten recommendations on how the level of military and civilian workforce mix would be determined (Eisler et al., 2018, pp. v-vi):

1. Avoid implementing arbitrary cuts in the civilian workforce. DOD cannot prevent the Congress from imposing personnel caps and conversion bans, but it can make clear that such actions are serious impediments to rational workforce management.
2. Tie end-strength increases to operational force structure requirements and accepted military essentiality arguments, while recognizing the intrinsic role of civilians as a part of operation capabilities.
3. Develop a more aligned and enterprise-wide taxonomy for documenting mission, task, functions, and workload requirements without regard to the eventual labor source.
4. Establish a governance process within the construct of DOD’s Planning, Programming, and Budgeting Execution (PPBE) process and readiness reporting that facilitates a more consistent application of military essentiality, ensuring that demands for military manpower are coordinated and the military incumbency is warranted, informed by mission, task, function analysis, and/or a business case. .
5. Ensure funding for civilian positions resulting from military-to-civilian conversions for a determined period of time.
6. Ensure there are no gaps in funding during military-to-civilian conversions.

7. Consider integrating the funding of military and civilian personnel to improve visibility into the costs of alternative personnel types. Pilot programs could test ways of implementing decentralized military manpower budgeting.
8. Standardize the reporting and coding criteria in future revisions of DODI 1100.22 for manpower analysts across the Services and at the lowest organizational level possible.
9. Adapt manpower systems to ensure the IG/CA report includes the criteria for military essentiality as identified in DODI 1100.22. (Eisler et al., 2018, pp. v-vi)
9. In their analysis, the researchers provided a ratio of 1:1.25, or only four civilians are required to replace every five military billets. The researchers determined a 1:1.25 rate would provide 31% of estimated savings to the government in personnel costs. (Eisler et al., 2018)

The National Defense Authorization Act (NDAA) for FY2017 was amended for the collection of inventory data for contracts over \$3 million; it condensed the types of services included therein and requires the DOD to report on a plan on how to collect the data of FY2016 and how the data would be used for workforce planning, workforce mix, and budget decisions (DiNapoli, 2018). GAO-18-330 report to Congress verified that the DOD collected sufficient data for FY2016 to create the inventory summary, which OSD rendered to Congress in February 2018 (DiNapoli, 2018). However, the GAO report surmised that the “military departments had not developed plans to use the inventory for the workforce and budget decisions as statutorily required” (Eisler et al., 2018, P. 6 &7). DOD Manpower & Budget officials within the service stated the inventory data was too old for decision-making. At the service level, a timely inventory report would be useful to estimate the average number of contracted FTEs for the annual DOD budget (Eisler et al., 2018).

DPAP-Services Acquisition DOD Instruction issued in January 2016 required the Office of the Secretary of Defense (OSD) to establish three important leadership positions

identified as Functional Domain Experts (FDE), Component Level Leads (CLL), and Senior Service Manager (SSM) to strategically manage and oversee contracted services (DiNapoli, 2017). FDE responsibility for service acquisition includes forecasting, budgeting, strategic management, and oversight. CLL support the FDE and lead component-level strategic management of services within their portfolios. SSM were acquisition senior officials appointed within each of the three military departments. GAO report 17-482 stated, “We found that FDEs and CLLs have not been effective in improving DOD’s ability to strategically manage service acquisitions” (DiNapoli, 2016, p. 14). It was acknowledged by the DPAP-SA officials that FDEs were assigned these additional responsibilities, such as predicting manpower and budgeting needs and creating policies to priority requirements that were not within their line of control. “GAO also found the CLLs were not actively engaged in strategic management of services portfolios required by the instruction” (DiNapoli, 2017, p. 2). This identifies a continued gap in roles, responsibilities, and authorities’ need to strategically manage and oversee contracted services for the DOD.

“The 2016 instruction also required Services Requirement Review Boards (SRRB) to be conducted within each military department to ensure the requirements are review, validated and approved” (DiNapoli, 2017, p. 6). The SRRB was responsible for determining if the requirement should be performed by a service contract or government civilians. GAO reviewed Federal Procurement Data System-Next Generation (FPDS-NG) data for FY2016 calculating the obligation for military department’s by service portfolio (DiNapoli, 2017). The instruction required the SRRB “to validate, prioritize, and approve service requirements from a holistic viewpoint” within and across portfolios (DiNapoli, 2017). The GAO report 17-482 stated:

We found, however, that the three military commands we reviewed did not implement SRRBs that approved service requirement from a holistic perspective, but instead leveraged their existing contract review boards, which focus their efforts on assuring proposed contract solicitations and award are in compliance with federal acquisition regulations and DOD guidance. As a result, the SRRB had minimal effect on supporting trade-off decision in the service portfolios or assessing opportunities for efficiencies and eliminating duplicate requirements. (DiNapoli, 2017, p. 22)

The civilian component includes “U.S. citizens and foreign nationals on the DOD’s direct payroll, as well as foreign nationals hired indirectly through contractual arrangement with overseas host nations. This category does not include those paid through non-appropriated fund (NAF) activities” (Office of the Under Secretary for Personnel and Readiness, 2019, p. vi). Table 2 shows that civilian manpower increases by 3.05% in FY2019 over FY2018, but less than 1% in FY2020 over FY2019.

Table 2. Civilian Manpower by Service (thousands)

	FY18 Actuals	FY19 Estimate	FY20 Estimate
Army	189.1	197.0	194.9
Navy	187.5	192.7	195.5
Marine Corp	21.2	21.3	21.7
Air Force	169.9	176.5	179.3
Defense-wide	<u>178.7</u>	<u>181.7</u>	<u>183.1</u>
Total DOD	746.4	769.2	774.5

Defense Manpower Requirements Report FY20. Source: Office of the Under Secretary for Personnel and Readiness (2019, p. 2 & 3).

DOD Instruction 1100.22 provides the Policy and Procedures for Determining Workforce Mix. The instruction “provides manpower mix criteria and guidance for risk assessments to be used to identify and justify activities that are Inherently Governmental (IG) or Commercial Activities (CA)” (DOD, 2010, p. 1). Risk mitigation is much more important than cost savings according to the DOD policy (DOD, 2010).

“Functions that are not IG are commercial in nature. CAs that are exempted from private sector performance by law, executive order (E.O.), treaty, or international agreement (IA) shall be designated for DOD civilian or military performance” (DOD, 2010, p. 15). The instructions states “that if a function is not IG or exempt from private sector performance, DOD components shall use DOD civilian personnel, unless the civilian workforce is not the lowest cost or there is a legal, regulatory, or procedural impediment to using public-private competition” (DOD, 2010).

The 2016 DOD Inherently Governmental (IG) and Commercial Activities (CA) Inventory Report of March 2016 provides DOD Federal Activities Inventory Reform

(FAIR) Act Inventory from DOD Service Contract Reporting activity for Fiscal Year 2015 (Office of Management and Budget [OMB], 2016). The FAIR Inventory categorizes civilian authorizations as commercial activities or inherently governmental. Table 3 provides a summary of the 2015 DOD IG/CA inventory and shows each department percentage of IG of the total FAIR CA and IG combined. We summarized the data to identify the Fourth Estate separate agencies and a subtotal for services.

We analyzed the DOD Commercial Activities and those that are Inherently Governmental by each Defense Agency. Table 3 indicates that DAFA has 51,819 positions that are conducting service type positions that are non-inherently governmental positions. The Services have 424,191 positions covering non-inherently government positions. DAFA makes up 12.2% of the total services positions. Reviewing the inherently governmental positions, DAFA provides 50,876 of the 239,994 or over 21% of the Inherently Governmental positions. Table 3 outlines the 2015 ICS by entity.

Table 3. Fourth Estate - DOD Services Contract Inventory. Source: OMB (2016).

4th Estate	CA FAIR Inventory	DOD Services/Foreign Nationals	CA Total	IG FAIR Inventory	DOD Services/Foreign Nationals	IG Total	FAIR Inventory Total	DOD Services/Foreign Nationals Total	Total CA and IG	FAIR IG % of Total Inventory
DARPA	2	-	2	180	17	197	182	17	199	98.90%
DAU	95	71	166	656	45	701	751	116	867	87.35%
DeCA	11,158	-	11,158	1,690	4	1,694	12,848	4	12,852	13.15%
DCAA	539	1,852	2,391	4,591	-	4,591	5,130	1,852	6,982	89.49%
DCMA	1,017	206	1,223	11,739	767	12,506	12,756	973	13,729	92.03%
DoDEA	12,004	-	12,004	161	-	161	12,165	-	12,165	1.32%
TMA	20	-	20	2,584	45	2,629	2,604	45	2,649	99.23%
DoDHRA	736	2	738	437	7	444	1,173	9	1,182	37.25%
DFAS	10,353	21	10,374	735	-	735	11,088	21	11,109	6.63%
DISA	461	883	1,344	5,598	1,718	7,316	6,059	2,601	8,660	92.39%
DLA	13,319	1,384	14,703	11,712	1,233	12,945	25,031	2,617	27,648	46.79%
DMA	546	-	546	127	932	1,059	673	932	1,605	18.87%
DPMO	49	45	94	-	29	29	49	74	123	0.00%
DSCA	12	12	24	427	95	522	439	107	546	97.27%
DTIC	189	-	189	93	-	93	282	-	282	32.98%
DTRA	481	10,740	11,221	572	641	1,213	1,053	11,381	12,434	54.32%
DTSA	-	-	-	138	115	253	138	115	253	100.00%
JS	45	2,222	2,267	1,352	1,996	3,348	1,397	4,218	5,615	96.78%
MDA	178	-	178	2,403	246	2,649	2,581	246	2,827	93.10%
NDU	-	9,712	9,712	493	187	680	493	9,899	10,392	100.00%
OSD	68	-	68	1,930	545	2,475	1,998	545	2,543	96.60%
DLSA	-	253	253	148	1	149	148	254	402	100.00%
PFPA	-	-	-	1,261	14	1,275	1,261	14	1,275	100.00%
TRMC	-	-	-	31	3	34	31	3	34	100.00%
WHS	547	-	547	1,786	160	1,946	2,333	160	2,493	76.55%
OEA	-	-	-	32	-	32	32	-	32	100.00%
4th Estate	51,819	27,403	79,222	50,876	8,800	59,676	102,695	36,203	138,898	49.54%
Services	372,372	601,506	973,878	189,119	1,411,901	1,601,020	561,491	2,013,407	2,574,898	33.68%
Grand Total	424,191	628,909	1,053,100	239,995	1,420,701	1,660,696	664,186	2,049,610	2,713,796	36.13%
4th Estate %	12.2%	4.4%	7.5%	21.2%	0.6%	3.6%	15.5%	1.8%	5.1%	

The DOD Manpower and Budgeting officials are standardizing the budget review process to compel the Fourth Estate to apply the same review pressures the services face when developing their own budgets. Currently the military services formulate their budgets under the instructions within the National Security Strategy (Garamone, 2020). Military service leaders must make crucial decisions about how to prioritize their programs and required capabilities before they submit their budget to the Secretary of Defense for scrutiny (Garamone, 2020). Whereas, the Fourth Estate simply has a topline total they cannot be exceed and the DOD manpower weigh the priority and importance of each Fourth Estate Agency. “The agencies and activities in the Fourth Estate do not have the same pressures. They submit their budgets at the same time as the services, but miss the scrutiny that requires taking money from one program to fund one with a higher priority” (Garamone, 2020, para 14). In February 2020, the Secretary of Defense “signed a memo to place all the Fourth Estate agencies into one pot, and the chief management officer would examine the budgets as a whole, shifting funds where they are needed and eliminating duplicative or overtaken capabilities” (Garamone, 2020, para. 14). The CMO was able to save some costs; however, the CMO position was recently eliminated in the FY2021 NDAA. The Under Secretary of Defense now has the responsibility for the budget for the Fourth Estate.

In summary, the literature review revealed that risks are weighed when utilizing military, government, or civilian employees, or when outsourcing to a contractor. Many procedural gaps have been disclosed in how the government determines when civilians are utilized or a commercial company. We evaluate each of the opportunities to utilize Fourth Estate civilians before outsourcing to contractors and what other actions should be taken to create efficiencies.

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## **II. RESEARCH DATA, ANALYSIS, AND RECOMMENDATIONS**

Research was initially conducted by agency questionnaires requesting narratives as to what improvements the Fourth Estate could make to add value for its customers. Responses came from the military components and the fourth estate agencies and field activities. The agencies that did respond, such as the Army, Navy, Air Force, DCMA, DCAA, DARPA, and DLA gave a myriad of suggestions to improve DAFA's value and establish a methodology or an order of steps to take that could save the DOD money both in the short term and in the long term as well. If the recommendation was feasible, the investigators determined the degree to which the recommendation would fit into the overall research. For example, the establishment of new agencies did not seem to be good fit in a theme to cut costs, but we found that consolidation of human resource functions under one newly restructured agency, and real estate functions under another, would, indeed, complement both value improvement and create efficiencies.

It was also determined that there were not just two or three areas for improvement. Instead, our follow ups with agencies indicted that agencies had a full supplement of ideas. Thus, we concluded that just expanded services and merging / closing agencies, the normal procedures taken when cutting DAFA budgets, was enough to present in this report. We present here which what actions should be taken, why they are appropriate, and the problems that must be overcome in order to achieve the long term effect.

The data collected pointed in the direction of seven improvements that should be made within the Fourth Estate before making a top-line budget cut over all the agencies:

1. Agency-Facilities Mergers & Formations
2. Agency and Facilities Closures
3. Agency Mission Expansions
4. Service Expansions
5. Service Privatization
6. Service Enhancements



7. IT Enhancements
8. Establishment of Contingency Response Force

## **A. BUSINESS PROCESS IMPROVEMENTS**

### **1. Agency and Facilities Mergers and Formations**

The founding of new agencies through merging agencies is key to successful consolidation of DAFA's increase usefulness and value. The newly formed agencies and expansion of services will allow DAFA to concentrate on their prime missions and not concern themselves with some of the administrative functions that are performed by all DOD agencies. Consolidation creates economies of scale, larger pools of resources, and synergy to provide the military more of what is wanted from them. Why consolidation? Although each agency does share information with others as needed, there are times when agencies work in a space of "empire building" and information is not as free-flowing as it should be. This conclusion was drawn from our questionnaire and interviews.

The unwillingness to share information is not a new problem. The Department of Homeland Security (DHS) was established in March 2003, combining 22 separate agencies into one, Cabinet-level department to develop a singular security framework (DHS, 2021). Repositories of data and information are not open to other agencies that own missions that are similar to their own. Sharing the data between agencies is an option; however, there is a deep-seated reluctance between government agencies to actually completely share information, which impedes the DOD from accomplishing its overall mission effectively. Unsurprisingly, demands for greater information sharing have risen within the DOD. (DODIG, 2019)

"Then, on the heels of a string of massive data breaches, [such as Solar Winds in 2020], many began questioning if the pendulum swung too far towards sharing information at the expense of data privacy and data security" (Archer, 2015, para. 1). If these restrictions and artificial walls were torn down through mergers, then the bigger picture will open up to those that are a part of the new agency. Just like any business, the DOD hires 5–15% of the agency's staff as Mission Support Operations (MSO) staff, mainly in the headquarters. If half of those MSO staff could be consolidated into more focused

agencies, the DOD overall would benefit. Based on our research, we list the candidates for the establishment of completely new agencies and mergers between agencies that conduct similar enough functions that they could be merged in order to save on support staff and share information more readily in order to achieve the mission for the military departments.

## **2. New Agency Candidate: Defense Real Estate Agency (DREA)**

**Problem:** The DOD has no consolidated agency that buys, sell, develops, and manages the property that it owns, rents, or plans to occupy

**Research and recommendations:** Currently all real estate efforts for the DOD are performed by GSA, the military services, Washington Headquarter Services, or DAFA. In a 2016 report (GAO-16-375SP) the following is claimed:

GAO has designated the federal government's management of its real property assets as high risk, in part because of overreliance on costly leasing and challenges in reducing excess infrastructure. 1 In particular, the Department of Defense (DOD)-one of the federal government's largest owners of real estate-continues to rely on and pay for leased commercial space while also operating and maintaining underutilized (vacant or partially vacant) facilities on its military installations. DOD expends valuable resources on these underutilized facilities that could potentially be eliminated from the budget or allocated to other uses. The need to better utilize existing real property has been the focus of government-wide efforts since the President issued an executive order to promote the efficient and economical use of federal real property assets in 2004. On March 25, 2015, the Office of Management and Budget (OMB) issued a memorandum to clarify the existing policy to dispose of excess properties and promote more efficient use of real property assets. (Draper, 2016, p.131)

According to the report *Best Practices for Real Property Management* (Defense Business Board, n.d.), the DOD is one of the chief Real Property managers in the world, maintaining inventory in all 50 states, seven U.S. territories, and 42 foreign countries in excess of 3 billion square feet of owned and leased facilities valued at over \$1 trillion while costing \$30 billion annually for maintenance and upkeep. A new DAFA agency, to be called the Defense Real Estate Agency (DREA), should be created to consolidate all the DOD's real estate and occupancy efforts to maximize efficiencies. Considering that during the current COVID-19 pandemic a high number of DOD personnel have been put on a full-

time telework status, a newly formed DREA could work to sell off, buy cheaper, trade spaces, or renegotiate property rental agreements with GSA and commercial entities, saving the DOD billions of dollars. A centralized DOD real estate and property agency could more readily make acquisition and leasing decisions designed to shape strategic efforts and shrink the DOD's overall facility footprint. Using a common departmental strategy and robust data acquisition systems, the DREA could continuously analyze occupancy costs and facility capacity to leverage economies of scale, minimize suboptimal usage, hire the best property managers, and lower costs.

### **3. DCMA/DCAA**



**Problem:** The DCMA and DCAA perform many functions that overlap and systems that do not talk to each other. The military services rely on reports from both agencies. Some reports from each agency on the same assignment conflict each other, while others are not sent to the buying activity in a timely manner (Simmons, 2015).

**Research and recommendations:** The DOD would gain a more structured approach to the cost and pricing of DOD contracts and the administration of those contracts if these two agencies were to become one. The number of functions and the actual work that each agency performs is shrinking as contract workloads decrease due to funding cuts. DCMA and DCAA work very closely together to achieve end results that affect the military's ability to do business with private contractors. By combining their forces through a merger, the DOD will gain a force multiplier and reduce administration costs. The two agencies already have offices in geographical proximity to each other already since they both deal with the same contractors. Physically merging the two agencies will not be difficult, it will be the mental barriers that will be difficult to tear down.

The DCMA is already committed to cutting salaries by \$1.8 million and travel by \$1 million in the FY2021 budget and beyond. This will be accomplished by leveraging technology and expanding telework (Soles & Williams, 2020). If the two agencies merged, then contract insight would be heightened, stronger focus on customer needs met, and personnel workload better configured since both agencies work on the financials of contracts and contractors. The auditing and contracting functions that are performed are

similar, but not always the same. Where they are the same or similar, a synergy could be developed and workload distribution across the newly merged agency would allow for either cuts, better utilization, or further expansion of service for the military on the pre-award side of contracting. DCMA's and DCAA's staffing numbers and budgets from FY 2018 and 19 are shown in Figures 1 and 2.

## DCMA AND DCAA BY THE NUMBERS


			
Date as of	1/23/2020	Date as of	3/31/2020
Civilians (47% Veterans)	11,987	Auditors	3,994
Number of Military (4.5%)	569	Support Staff	516
Total	12,556	Total	4,510
Corporate Operation Directorates	3	Corporate Operation Directorates	4
Contract Management Offices	47	CPAs	1,009 (22%)
Serviced Contractor Locations	15,129	Other Professional Certifications	1,524
Number of Active Contracts	308,749	Advanced Degrees	2,250

DCAA - CADS 1) Massachusetts (Raytheon, General Dynamics, BAE) 2) Virginia (Northrop Grumman) 3) Missouri (Boeing, Honeywell), 4) Texas (Lockheed Martin)

Figure 1. DCMA and DCAA by the numbers. Source: Soles and Williamson (2020, p. 10).

## DCAA AND DCMA PRESIDENTS BUDGET 2018 – 2020

(\$ in thousands)

	FY 2018	Price	Program	FY 2019	Price	Program	FY 2020
	<u>Actuals</u>	<u>Change</u>	<u>Change</u>	<u>Enacted</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
	1,367,932	9,517	63,770	1,441,219	2,020	19,220	1,462,459


	FY 2018	Price	Program	FY 2019	Price	Program	FY 2020
	<u>Actuals</u>	<u>Change</u>	<u>Change</u>	<u>Enacted</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
	596,292	4,209	21,526	624,027	2,031	4,771	630,829

Figure 2. DCMA and DCAA President's Budget. Source: Soles and Williamson (2020, p. 11).

#### 4. NGA/NRO

**Problem:** The National Geospatial Agency (NGA) and the National Reconnaissance Office (NRO) share similar missions that do not create an optimum amount of synergy as separate agencies. Overlapping missions and separated data repositories keep the two agencies from realizing their full potential in the life cycle of satellite development to intelligence gathering through those very same satellites.

**Research and recommendations:** Both the NGA and NRO provide the DOD with intelligence from satellites and other telecommunication platforms and devices. The gathered information provides actionable intelligence to policy-makers, first responders, intelligence agencies, and warfighters; however, the two agencies' intelligence offerings only vary slightly different from each other. (NGA, 2020) Both agencies take critical actions to help shape decisions that impact our nation and those of our allies through the gathering, analysis, and dissemination of geospatial intelligence (GEOINT) (NGA, 2020).

Although the NGA's website is fairly cryptic about "how" it accomplishes its mission, the official website does state that the NGA "enables the U.S. intelligence community and the Department of Defense (DOD) to fulfill the nation's security priorities to protect the nation." (NGA, 2020, para. 4). It's well known that the NGA uses an extensive network of satellites to gather that intelligence and "maintain detailed, foundational physical characterizations of the Earth from seabed to space." (NGA, 2020, para. 7)

The NRO, contrarily, is the U.S. government agency "in charge of designing, building, launching, and maintaining America's intelligence satellites. Whether creating the latest innovations in satellite technology, contracting with the most cost-efficient industrial supplier, conducting rigorous launch schedules, or providing the highest-quality products." (NRO, 2020, para. 1) On the NRO website, one can notice that their mission includes "developing highly accurate military targeting data and bomb damage assessments and assessing the impact of natural disasters, such as earthquakes, tsunamis, floods, and fires" (NRO, 2020, para. 3).

The NRO and NGA have enough overlap in their missions that the demarcation of responsibilities between the two agencies remain ambiguous. If the NRO's mission is "developing, building, and operating intelligence, surveillance, and reconnaissance (ISR) satellites" (Hitchens, 2019, para. 5), and the NGA's mission is to use them as well, then they should be combined to build a synergy that will cut bureaucratic costs and assist both in their responsibilities (NRO, 2020). Before the NRO was created in 1961, the

NGA had crystal clear authority in obtaining all commercial geospatial intelligence-related imagery and data to augment that provided by the NRO's highly classified space systems and other data sources from other intelligence agencies. Now the waters are muddied, with the NGA retaining authority over acquisition of all other imagery sources and the responsibility to ensure that everything fits together, whereas the NRO holds the reins for buying commercial satellite imagery and creating a new military-intelligence satellite imagery architecture. (Hitchens, 2019, para. 5)

Again, there is enough in common between the two agencies' missions that if they were combined, then the two components of the newly formed agency should be able to share the highly classified intelligence that is gathered by the agencies. The combined intelligence framework could benefit policy makers and Pentagon leadership with more useful and robust reporting that has more practical implications than what is happening with the agencies in their own separate silos. Intelligence is a commodity in politics and the military, and sometimes it's guarded and distributed in ways that do not always fully benefit the consumer. If the barriers of competing intelligence agencies were torn down, then it is possible that the newly formed agency would have more resolution and map the way to better decisions.

## **5. Space Development Agency / Missile Defense Agency**

**Problem:** The Space Development Agency (SDA) and the Missile Defense Agency (MDA) have similar missions that as separate agencies do not create an optimal amount of synergy to meet the DOD's overarching mission and maintain two separate mission support teams.

**Research and recommendations:** According to its official website, the SDA "orchestrates the development and fielding of DOD's future threat-driven National

Defense Space Architecture. SDA uses novel approaches to accelerate the military space capabilities necessary to ensure U.S. technological and military advantage in space for national defense.” (SDA, 2020, para. 1) Since the SDA is developing next-generation space capabilities for our military, presumably Space Force (SF) would be one of its primary, if not only military customer. Why SF is not taking on these functions if there are no spacemen to train, drill, and deploy into space itself? The ability to deploy the military space capabilities (satellites and space stations) must ride on service of rockets or missiles. Since these projectiles are the lifeline to accomplish SDA’s mission, then just combine them with the agency that would be taking them into the domain of space, the Missile Defense Agency.

The Missile Defense Agency (MDA) “is a research, development, and acquisition agency within the DOD. MDA develops, tests, and fields an integrated Missile Defense System (MDS) and works closely with the combatant commanders who rely on the system to defend the United States, U.S. forward deployed forces, and friends and allies from missile attack” (MDA, 2021, para. 1).

The MDA develops guided self-propelled munitions, which are also called “missiles” powered by rocket engine, jet engine, or ramjet engine. Normally, one would think of a space agency such as NASA or SDA as having a need for the development of rockets; however, rockets are simply unguided self-propelled, rocket-powered munitions. Therefore, the continuation of developing missiles would serve the purposes of both missions in a newly formed agency. Combined forces would optimize available resources that now exist in separate and non-collaborating agencies to inspire professional excellence for both national defense and space exploitation. It may be even possible to merge NRO, NGA, SDA, and MDA into one large agency to create even more synergy. Fewer silos between agencies that have similar missions will gain incremental innovations, developments, and cooperation that is not possible as separate entities.

## 6. DSCA and DTRA

**Problem:** Defense Security Cooperation Agency (DSCA) and Defense Threat Reduction Agency (DTRA) share similar missions that do not create an optimum amount of synergy as separate agencies and, therefore, carry duplicate administrative costs.

**Research and recommendations:** According to the official DSCA website, the agency's mission statement is as follows: "To advance U.S. national security and foreign policy interests by building the capacity of foreign security forces to respond to shared challenges" (DSCA, 2021, para. 1).

The DSCA ensures Secretary of Defense and USD(P) interests in security assistance matters are represented; identifies requirements, criteria, and procedures for the selection and training of personnel engaged in security assistance in DOD Security Cooperation (SC) programs over which DSCA has responsibility; communicates directly with the Heads of the DOD Components on SC matters over which DSCA has responsibility; in coordination with the USD(P) and the USD(A&S), as appropriate, supports the development of technology security and foreign disclosure and sales policies and procedures for defense information, technology, and systems; jointly establishes appropriate agreements and procedures with the Director, Defense Intelligence Agency (DIA), and with the Combatant Commands (CCMDs) for Senior Defense Officials (SDOs) and Defense Attachés (DATTs) to provide guidance and oversees security cooperation programs for which DSCA is responsible, in accordance with applicable laws and regulations; approves, in coordination with the Chairman of the Joint Chiefs of Staff, Security Cooperation Organizations (SCO) joint manpower programs involving the establishment of new SCOs or changes in manpower authorizations or organizational structure; jointly, with the Director of the DIA, approves changes to the grade or Military Department affiliation of the SDO or DATT; reports to the Under Secretary of Defense for Personnel and Readiness (USD(P&R)) in the Defense Readiness Reporting System (DRRS) readiness of personnel for SA activities in DOD SC programs over which DSCA has responsibility; and acts as the Executive Agent for DOD Regional Centers for Security Studies. Authorities conferred on the Secretary of Defense by the FAA and AECA pertaining to SA and authorities under those acts delegated by the President to the Secretary of Defense are re-delegated through the USD(P) to the Director, DSCA. (DSCA, 2021, para. 1)



The Defense Threat Reduction Agency's (DTRA) official website lays out seven distinct missions:

1. The Cooperative Threat Reduction Directorate prevents the proliferation or use of weapons of mass destruction by working with partner nations to secure, eliminate, detect, and interdict WMD-related systems and materials.
2. Information Management & Technology Directorate projects the Agency's knowledge and capabilities in order to combat the threat of Weapons of Mass Destruction and improvised threats and to ensure nuclear deterrence.
3. Nuclear Enterprise Directorate provides capabilities that enable DOD warfighters, interagency stakeholders, allies, and partners to ensure a credible U.S. nuclear deterrent (DTRA, 2021).
4. The On-Site Inspection and Building Capacity Directorate enables the DOD, the U.S. government, and international partners to counter and deter weapons of mass destruction (WMD) and Improvised Threat Networks by conducting Arms Control Treaty Verification and Countering Weapons of Mass Destruction (CWMD) Building Partner Capacity Activities.
5. The Operations and Integration Directorate provides operational understanding and analytic support in order to coordinate, integrate, and synchronize agency Operations, Activities, and Investments (OAI) and their effects against National Defense Strategy (NDS) threats.
6. The Research and Development Directorate provides science, technology, and capability development investments that maintain the U.S. military's technological superiority in countering WMD and asymmetric threats, mitigate the risks of technical surprise, and respond to the warfighter's urgent technical requirements.

7. The Strategic Integration Directorate shapes DTRA's response to the challenges and priorities set forth in the National Defense Strategy, focusing the agency's operations, activities, and investments in a manner that maximizes their cumulative effect in support of our warfighting customers.

DTRA is the DOD agency that confronts WMD challenges and emerging threats. Its mission is to protect the United States and its allies by enabling the DOD and international partners to detect, deter, and defeat WMD and threat networks. As both a defense agency and combat support agency, DTRA preserves peace and prepares for uncertainty by delivering innovative capabilities, objective analysis, effective programs, and world-class expertise.

DTRA works with international partners and allies to mitigate the impact of WMD. These efforts include programs to train, exercise, engage, and build the capacity of partner nations. In particular, DTRA allied and partner engagements focus on risk reduction, nonproliferation, interdiction, border security, force protection, biosecurity, and consequence management. A core DTRA mission is its role in implementing the inspection, escort, and monitoring provisions of key arms control treaties and agreements. DTRA's legacy of leading on-site inspection activities includes the Strategic Arms Reduction Treaty (START), Chemical Weapons Convention (CWC), Open Skies, and New START. (DTRA, 2021, para. 1)

Given that these two agencies have portions of their mission that overlap, combining them into one agency would provide for additional synergy, personnel cuts in management oversight, and an advanced service to the military branches. DSCA's requirement and ability to build the capabilities of allied foreign security forces depends on analysis of our enemy's capacity. If the analyses of emerging and real threats at DTRA as the environment changes were coalesced with DSCA's mission to enable our allies' capabilities to move on real time actionable information, then the DOD and our allies are better served.

## **7. DTIC / DTSA**

**Problem:** Defense Technical Information Center's (DTIC) and Defense Technology Security Administration (DTSA) share similar missions in identifying and

mitigating emerging threats as separate agencies and, therefore, carry duplicate administrative costs.

**Research and recommendations:** The DTIC’s official website lays out how it “supports the USD(R&E)’s efforts to mitigate new and emerging threat capabilities, enable affordable or extended capabilities in existing military systems, and develop technology surprise through engineering by” (DTIC, 2021, para. 2):

- Maintaining and distributing the research that led to [new] technologies.
- Delivering the support to private industry to hasten the development of technologies.
- Inspiring innovation in industry by giving access to DOD-funded developments.
- Optimizing the value of defense dollars through the exploration of funding, work-in-progress, and Independent Research and Development (IRAD) information. (DTIC, 2021)

The official website of the Defense Technology Security Administration (DTSA) describes how the agency administers the

development and implementation of DOD technology security policies on international transfers of defense-related goods, services, and technologies....The agency identifies and mitigates national security risks associated with the international transfer of controlled information and advanced technology in order to maintain the U.S. warfighter’s technological edge and support U.S. national security objectives. (DTSA, 2021, paras. 1–2)

Since these two agencies have missions that can work in tandem, not only could these two agencies be merged, but DARPA could have a third agency brought in to create a bigger think tank of collaborators.

## **8. DAU/NDU**

**Problem:** The Defense Acquisition University and Nation Defense University, as stand-alone universities, do not pool their resources together in order to give the DOD a comprehensive set of programs that optimally benefit the department.

**Research and recommendations:** “The University Charter was created in October 1991 by DOD Directive 5000.57. Originally a loose consortium of existing training commands, DAU worked to standardize the training courses and establish mechanisms that allowed for centralized management of training funds for the DOD workforce” (DAU, 2021, para. 2). “In the late 1990s, the consortium arrangement was replaced by a centralized structure, more like that of a corporate university. By 2014, DAU had grown to the point of graduating 181,970 students” (DAU, 2021, para. 3). According DAU’s FY21 budget submittal at the DOD Comptroller’s DAU offers a platform on which “to develop qualified acquisition personnel, requirements, and contingency professionals who deliver and sustain effective and affordable warfighting capabilities” (OUSD, 2020, p. 3).

The National Defense University (NDU), a DOD-funded university, facilitates “high-level training, education, and development of national security strategy” (NDU, 2021, para. 1). Their mission is to educate “joint warfighters in critical thinking and the creative application of military power to inform national strategy and globally integrated operations, under conditions of disruptive change, in order to conduct war” (NDU, 2021, para. 1).

The changes in the Defense Acquisition Workforce Improvement Act (DAWIA) certification in 2020 that reduce some training programs from 650 hours to 200 hours and will be fully implemented by October 2021 provides for an opportunity to review the missions of both universities to combine efforts to educate the DOD workforce as a whole and tailor certifications that could benefit from classes that are offered in one program, but not the other. Training in one university does not matriculate to the other and, therefore, credits from one university will not count toward a certificate or degree in the other.

## **9. Agency and Facilities Closures**

Here we discuss the agencies that could be closed down or reduced significantly in scope either because private industry can serve the DOD better than maintaining a full agency or because technology has developed enough that the environment we live in does not call for the agency to exist in its current form. The agencies chosen for closure or reduction were based on the fact that there were no other similar mission-oriented agencies

with which they could merge. Even if an agency is closed, personnel may still be needed to run the close-down operations or run a smaller bureau.

#### **10. DeCA (Defense Commissary Agency) and Exchanges**

**Problem:** The Defense Commissary Agency provides services to military families across the globe that a private entity could perform better and at less cost using economies of scale.

**Research and recommendations:** According to the Military Times, the commissary budget took a 21% cut in FY2020, due to the DOD's budget request being approved by Congress (Jowers, 2019). Supposedly, military families will not see a change in services, but the DOD does plan to cut 1,500 workers worldwide and 500 in staff members. The labor cuts come as the department gears up to merge the three military exchange systems—AAFES, Navy Exchange Service Command, and Marine Corps Exchange—and the commissary system into one “defense resale enterprise,” in efforts to save tax dollar (Military Times, 2021). Both the commissary systems and the exchanges are perks to the servicemen and women and their families. Unfortunately, these perks incurred \$1.3 billion in subsidies in 2019 from the taxpayers (Military Times, 2020). Each service has its own board of directors to align operations and services (Defense Primer, 2017). So, if Congress is considering cutting DeCA's budget and doing away with the subsidies that allow the commissaries and exchanges (C/EX) to sell products at about 30% less than is typical at off-post grocery stores, then for all intents and purposes the agency should not exist.

We suggest that the Defense Commissary Agency be reduced to a bureau size office underneath the Washington Headquarter Services. From this position, the new bureau would contract with a retail provider(s) that then operates the facilities according to the same standards as the C/EX board does. The privately run facilities would not be advertised as the owners' corporate store, but would remain U.S. government property and simply operate under terms and conditions established by the DeCA replacement bureau to ensure that the same standards of service are met. The service provider would be contracted with in the same manner as other government-owned, contractor-operated (GOCO) facilities.

The GOCO C/EX would be owned or leased by the U.S. government and managed by third-party contractors. The GOCO facilities would be required to follow the Federal Acquisition Regulation (FAR) and Defense Federal Acquisition Regulation Supplement (DFARS). While the contractor would operate within a government-owned facility, they would not represent the government. The contractor ultimately delivers to the government the products and services in its statement of work that could be managed by a very small office of government FTEs, as opposed to a full agency.

The GOCO contract should use the same type of formatting as what is prescribed for financial management regulations, in that the services provided are reviewed every 5 years and profit is fixed over the same period of time. Prices would fluctuate from year to year in order to make the C/EX working capital generate the agreed upon profit margins in fixed price contracting arrangement. The terms of the contract should be extended out 5–25 years, depending on the contractors’ performance in the first iteration of privatization of the C/EX system. The longer service term allows the contractor to capitalize on the absorption of 236 commissaries in operation in 13 countries and two U.S. territories and sales of \$4.5 billion in 2019. The military exchanges sold \$10.6 billion in goods and had 500+ locations within 18 countries (US Sales Corp, 2020). This amount of purchasing and distribution power would benefit any major retailer, such as Amazon, Walmart, Target, or a consortium looking to expand its footprint in retail dry goods and groceries.

Privatization of the day-to-day operations of C/EX facilities is in the best interest of the military patrons, the DOD, and taxpayers. Innovations that are readily accessible to a private contractor, such as delivery service to the customer’s door, loyalty programs, and supply chain management efficiencies, which would enhance the shopping experience. By privatizing the C/EX system, the DOD lifts another heavy burden off its budget and puts it on a path toward being fully financially solvent without the taxpayer fitting the subsidy bill.

## **11. Defense POW/MIA Accounting Agency (DPAA)**

**Problem:** Technology has advanced enough in the past decades that there is not a need to maintain a full agency to account for unknown warfighters (Killed in Action

(KIA)), track Missing In Action (MIA) warfighters from past wars, and negotiate freedom for POWs (Friedman, 2014).

**Research and recommendations:** Robert Russell Garwood, a U.S. Marine Corps private first class, is considered to be the last American POW. He was captured in September 1965, near Da Nang, Quang Nam Province, Vietnam. Garwood was transported to North Vietnam in 1969 and was reported to have been released in 1973 alongside the other U.S. POWs as a result of the Paris Peace Accords. Though, he did not return to the U.S. territory until March 22, 1979 (Garwood, 2020). It has been over 40 years since the United States has had a POW that needed an agency to provide support.

When Sgt. Bowe Bergdahl was captured in 2009 and taken prisoner, the military was still in Afghanistan and did not leave the combat theater for many more years. More POWs were not taken in Afghanistan because, again, technology has given the warfighter new communication devices that are issued to every warfighter, not just radio personnel as was done in Vietnam. Personnel information management and surveillance technologies of the combat zone has given commands the ability to know more details of the enemy and terrain (Friedman, 2014).

Today KIA remains can be sent off to labs for analysis and identified through a number of records. Those records could all be converted to electronic versions, if not already, and be maintained by the individual services. MIAs in future wars will become less frequent with all the GPS tracking devices, consolidated services records, and battlefield accountability that are in place today. Based on the fact that future wars will have fewer and fewer POWs and MIAs, we suggest that the services provided by the DPAA be moved back to the military departments and the agency be closed.

## **12. Agency Expansions and Operations Changes**

In order to serve the DOD better some changes in mission and operational routines in DAFA should be changed, especially now that some of the agencies have or will have the ability to work remotely. The DOD should take advantage of the inevitable, which COVID-19 simply ushered in more quickly.

**a. Remote command of agencies**

**Problem:** The DOD spends too much on moving personnel every year to the high cost locality of the NCR.

**Research and recommendations:** According to a 2015 GAO report (Farrell, 2015) the costs of a normal active-duty family PCS move was above \$13,000, whereas a stateside moves were around \$10,000. The study did not include any costs for federal civilian moves; however, those moves should cost approximately the same (Doornobos, 2018).

The report goes on to say that roughly 25,000 civilian federal workers move annually, these workers represent professions from veterinarians, contract managers, and senior executives (SES) (Doornobos, 2018). DOD civilians make up 26% of the over 2.7 million, or approximately 718,000 persons, Executive Branch Civilian FTEs, which calculates to roughly 6,500 DOD civilian PCS moves each year or \$65 million. This money could be used elsewhere if the DOD were to hire in a manner that allowed employees to stay where they live now that fewer and fewer positions truly require being next to other personnel or the work being performed. Table 4 provides a visual of this idea.

Table 4. Federal Workforce Statistics. Source: OMB (2020, p. 53).

(As measured by Full-Time Equivalents)

Description	2019 Actual	2020 Estimate	2021 Estimate	Change: 2020 to 2021	
				FTE	PERCENT
Executive Branch Civilian:					
All Agencies, Except Postal Service .....	2,085,496	2,206,137	2,172,433	-33,704	-1.6%
Postal Service <sup>1</sup> .....	583,573	585,682	578,984	-6,698	-1.2%
Subtotal, Executive Branch Civilian .....	2,669,069	2,791,819	2,751,417	-40,402	-1.5%
Executive Branch Uniformed Military:					
Department of Defense <sup>2</sup> .....	1,363,348	1,350,264	1,356,861	6,597	0.5%
Department of Homeland Security (USCG) .....	42,588	50,230	50,511	281	0.6%
Commissioned Corps (DOC, EPA, HHS) .....	6,480	6,532	6,626	94	1.4%
Subtotal, Uniformed Military .....	1,412,416	1,407,026	1,413,998	6,972	0.5%
Subtotal, Executive Branch .....	4,081,485	4,198,845	4,165,415	-33,430	-0.8%
Legislative Branch <sup>3</sup> .....	31,182	31,877	32,221	344	1.1%
Judicial Branch .....	32,973	33,716	34,143	427	1.3%
Grand Total .....	4,145,640	4,264,438	4,231,779	-32,659	-0.8%

<sup>1</sup> Includes the U.S. Postal Service Office of Inspector General and Postal Regulatory Commission.

<sup>2</sup> Includes activated Guard and Reserve members on active duty. Does not include Full-Time Support (Active Guard & Reserve (AGRSs)) paid from Reserve Component appropriations.

<sup>3</sup> FTE data not available for the Senate (positions filled were used for actual year and extended at same level).

This augments our other recommendations of moving agency headquarters out of the NCR and developing a secure universal video conferencing platform that will



accommodate all agencies within in the DOD so that virtual labor pools are established and, therefore, remote command of the personnel therein is feasible.

***b. Enhanced internet connectivity for all DOD employees***

**Problem:** Some remote DOD employees do not currently have enough bandwidth within their alternative workplaces to sustain optimal connectivity and conference with others.

**Research and recommendations:** The DOD needs to ensure that affected DOD employees have access to the highest quality of internet connectivity in order to create viable virtual labor pools, have remote command and control, and secure universal video conferencing. We recommend investing in high bandwidth cabling or WiFi to accommodate those workers that have less than optimal connectivity. With the savings from less government travel and rent of building space, certain DAFA agencies could allocate funds to providing high quality, secure internet access to such employees around the world.

***c. Move DAFA HQs out to the heartland***

**Problem:** The DOD has no central agency to manage strategic moves to less expensive areas of the United States to save billions in property and salary costs.

**Research and recommendations:** GAO has considered DOD's portfolio of real estate and facilities, valued over \$1.3 trillion, to be a high-risk area since 1997; essentially, this due to a substandard job of holding the base support costs to budget and not identifying unused facilities that account for over 26 million acres of real property (Serbu, 2021). Therefore, the DOD should create DREA and move DAFA headquarters farther away from the beltway of Washington, DC, or as it is also known, the NCR. There is no valid reason to keep a full staff of an agency's headquarters in the DC area. A handful of personnel could be stationed in either the Pentagon or the auxiliary building the Mark Center, which is located nearby in Arlington, VA, but the channels of communications are strong enough that those who do not need to interact with the highest levels of the DOD or Congress could be moved out to less expensive areas of the country. By moving out of the NCR and into

lower cost of living areas, the amount of salary expenditures saved with the reduction of locality pay will be a significant savings. If such a move happened, the agency could potentially lose some talent with the workforce personnel that decided not to move, but the loss will be eventually replaceable.

The Federal News Network argues that federal agencies should stay in the NCR for a few simple reasons: talent drain, access to Congress, and the interagency process (Neal, 2019). However, these arguments are spurious at best. COVID-19 has proven these arguments meaningless. The HIRE (Helping Infrastructure Restore the Economy) ACT is looking at moving the following headquarters out of the NCR:

*d. Create singular point of entry for consolidated systems*

**Problem:** The DOD has fractured human resource (HR) offices throughout the department that do not maintain one unified repository of its human assets.

**Research and recommendations:** DFAS was established to provide standardization, consolidation, and improvement of accounting and financial functions throughout the DOD. All payments and receivables move through DFAS; it allows for a uniform system of financial management in the DOD. The same concept should be applied with HR services (Candрева, 2017 p. 383). The Defense Human Resource Agency (DHRA), which is discussed later on in Agency Mission Expansions, is in a distinctive position to become the fully integrated HR agency for all of the DOD. In doing so, a fully integrated HR repository such as the Army's Vantage (see Figure 3) should be created within DHRA.

Vantage is a comprehensive data management platform designed to integrate data from new and legacy systems in any form and at any scale. The program enables the Army to view itself by providing senior leaders, soldiers, staff, and analytic communities with a common, integrated data platform to visualize and analyze the current and predicted future state(s) of the Army....Army Vantage offers near real-time visibility and access to Army data sources, facilitating rapid decision-making while supporting strategic, operational and tactical planning; standardizing the way the Army views and manages current and legacy, structured and unstructured data; and providing a continuous real-time perspective into the pulse of the entire Army. (Vantage, 2021, paras. 1–2).

The Army Vantage Dashboard for visual purposes is pictured in Figure 3

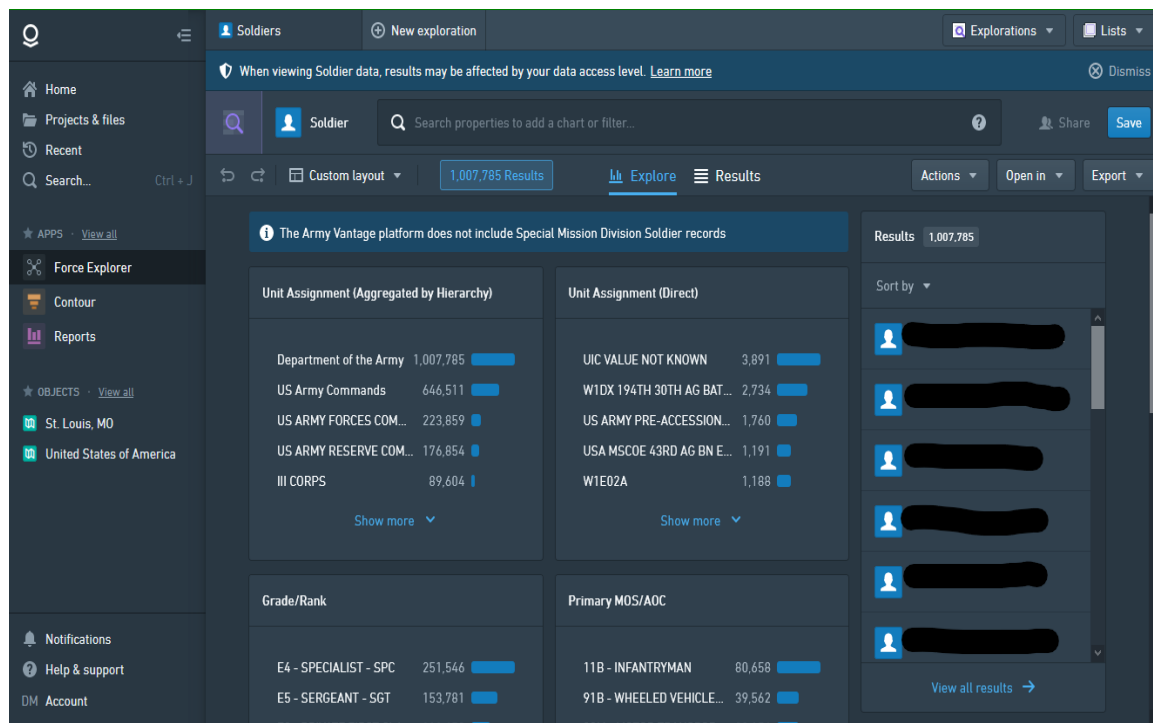


Figure 3. Army Vantage Dashboard. Source: U.S. Army Vantage (2020).

Through such a platform, DHRA could not only take care of all the DOD's HR services, but also assist in resourcing DOD personnel across agencies by monitoring which agencies are working at full capacity and which ones have slack, meaning that personnel could be used for other purposes in other agencies or services. By creating resource models, such as what DCMA has, the DHRA could not only drill down to the individual level of capacity for full employment, but see the individual's skills and certifications to optimize the process, like the baseball card system, addressed in the next paragraph. Lastly, a unified system could move pertinent information more cleanly to the Veterans Administration, when necessary.

Individual Personal Talent Statistics, which we call Baseball Cards, give an outlay of all the performance stats for your employees and the other agency personnel: batting averages, home runs, errors, ERAs, win/loss records. An individual's performance is

recorded and when a person possesses the right skills, then they may be called up to play in another position either temporarily or permanently. The HR repository would also streamline discussions about how to compensate, incentivize, move players up to first string, or cut them from the team altogether. Government FTEs could remain with their same agency and work on projects for another as well through reimbursables. The requesting agency could request set aside days for their projects and/or the employee could work overtime and still cost as much as an outside contractor.

This platform could also help the DOD reduce the amount of outside contracted services by utilizing the already in place DOD FTEs to the fullest extent. The Vantage platforms could make the military services' needs internally accessed based. Congress has a mandate on reducing the amount of outside contracted services and this could help fulfill that mandate.

Beginning in 2001, Congress enacted legislation to improve the DOD's ability to manage its acquisitions of contracted services, to make more strategic decisions about the appropriate workforce mix, and to better align resource needs through the budget process to achieve that mix. As part of these efforts, Section 2330a of Title 10 of the U.S. Code requires the DOD to conduct certain activities, including:

- Establishing a data collection system to provide management information with regard to service purchases by the military departments and defense agencies.
- Compiling an annual inventory of services contracted for or on behalf of the DOD during the preceding fiscal year. This inventory is intended, in part, to help provide better insight into the number of contractor FTEs providing services to the department and the functions they are performing.
- Further, this section requires the military departments and defense agencies to undertake certain actions using the inventory, including:
- Reviewing the contracts and activities in the inventory for which the secretary or agency head is responsible to ensure that personal services contracts in the inventory are performed under applicable statutes and regulations and to identify contracted functions that the DOD should consider for conversion to government performance, also known as insourcing.
- Developing a plan, including an enforcement mechanism and approval process, to use the inventory for strategic workforce planning, workforce mix determinations, and budget decisions. (DiNapoli, 2018)

### 13. Service Expansions

#### a. *À la carte services (DCMA-specific)*

**Problem:** Within DCMA there are some Contract Management Offices (CMO) that cannot take the full complement of 71 administrative services, as provided for in FAR 42.203, and must reduce the number of services on some contracts in order to provide the services that are critical to the full workload of contracts at the CMO based on risk.

**Research and recommendations:** Each agency should be given the opportunity to expand or offer a better “menu” of the services and be given the funding to maintain these services on an “as needed” basis. This means that the newly upgraded DHRA would be the go-to research if there are capabilities and capacity in DAFA first before procuring outside services. This process would similar to the commercial procurement process in which buying activities must check the GSA schedule before procuring the products elsewhere. Once DAFA support is procured, the configuration of KTR to FTE ratio needed to support the mission would be determined. The contracting officers would have access to the aforementioned HR system to bring together the team.

Secretary of Defense Mark Esper has, in essence, created an end result of the DAFA budget cuts as “doing less with less,” though the intent is to always to “do more with less.” But, it is not really—the budget cuts are simply a shift of funds from DAFA budgets to military department procurement funds. For DCMA this means receiving limited delegations from their customers. DCMA indicated that putting the agency in a better position to serve its customers’ highest needs is what is most important. In order to do this, the agency incorporated a “high value/high risk, non-core-mission initiative” for contract acceptance. The focus of this initiative is to direct resources away from low value and non-mission work and back to the customer. The overall objective is for DCMA to support high-risk work and to increase warfighter lethality and readiness. The agency no longer accepts delegations for any contract or delivery order below \$300,000, except when the work is for an item causing a serious readiness degrader, or has risk associated with it such as that in items 1–12:

#### 1. Arms Ammunition Explosives

2. Classified Data (DD254)
3. Contact Financing
4. Government Property
5. Surveillance Criticality Designator (SCD) A or B
6. Critical Safety Items (CSI)
7. First Article Test (FAT)
8. Foreign Military Sales (FMS)
9. High Risk Items/Vendors
10. Higher-level Quality Requirements
11. Safety of Flight (SOF)
12. Defense Logistics Agency (DLA) Strategic Partners/Alliances

In order to manage this initiative, DCMA developed a “WAL” or Workload Acceptance Lead who is responsible for making the determination on whether the contracts meet the logic explained previously to be retained or if they need to be returned to the issuing office. This effort has to be a critically monitored program in order to ensure that DCMA does not work themselves out of business by returning too many contracts to the issuing offices. The balance will be critical to maintain what workload needs to be kept and what can be retained. The buying activities do have the option to challenge a WAL decision; however, the applicable DCMA region who oversees the buying activity will decide whether to retain administration or not.

We studied topic of à la carte administration. Typically when administration is delegated to DCMA, the functions under FAR Part 42.201 are all delegated, usually without exception. It is virtually impossible that DCMA can continue to sustain the “all or nothing approach” with the continual appropriation reductions on the agency’s FTEs. Managing these delegated functions is extremely costly to DCMA. The idea of à la carte is a negotiation between buying activity and DCMA to decide from the menu of services in FAR 42.201 what is most critical.

Non-essential activities can be cut so that personnel can be freed up to perform more valuable work. Some contracts do not need engineering support, if it is not required the engineering personnel should not have to conduct Contract Technical Review (CTR). When monitoring and approving contract financing is not necessary, then the work of a CA and ACO could be reduced and focused on higher risk activities. If there were a limit to the services DCMA provides on certain contracts, then some DCMA offices could more judiciously allocate its resources. DCMA would face challenges in how to track that within their administration systems, such as MOCAS, so that whatever functions were needed would actually be tracked.

However, this could be remedied by coding in the ACO notebook, a place in MOCAS that indicates characteristics of the contract. Many buying activities have indicated they would like to have DCMA administer all or more of their contracts, but because of system issues, such as compatibility, the process ends up impossible to accomplish the work by both the buying activity and DCMA. System compatibilities between customers, contracting shops, and DCMA still impede the flow of contract administration. The idea of compatibility is not just necessary for DCMA to become a more valuable service provider to its customers, but is one that should be extrapolated across the DOD in order to allow for the expansion of services.

DCMA, as all agencies in general, develop their own priorities, but the mission and goals are, in general and overarching terms, not at the granular level aligned with the requirements and wants of its customers. DCMA should work to align and prioritize administrative services together with its customers so that time and energy are spent on those functions that are clearly needed before accepting the contract. Seventy-one services of contract administration exist in FAR 42.203, and not all services are necessary for every contract, as stated previously. Instead of taking the “all or nothing” approach to contract administration, the à la carte approach would supplement the GO/NO method, allowing DCMA to administer more contracts and work on the cost savings functions that makes DCMA one of the few agencies that can show a real return on investment for the services it provides.

One example of a service to discontinue would be On Time Delivery (OTD). This is one of DCMA's top priorities and many industrial specialists have been hired to meet these metrics. However, for a large number of DLA contracts, the OTD is meaningless to the buying activity. DLA awards contracts based on inventory counts in depots. If the first contractor does not perform and deliver, the automated system issues another solicitation and purchase order until ordering requirements are fulfilled. Yet, because of its mission priorities, DCMA chases all the low risk/low value contracts to satisfy its own made up metrics. DCMA spins its wheels on tracking products that are only a few days overdue when the buying activities are not asking for this. Negotiate this service out of a large number of contracts so the agency can concentrate on those that really require the monitoring.

Another DCMA priority is the resolution of 90% of all canceling funds by the end of the fiscal year; either the contractor will use the funds or the funded are de-obligated in order to buy more product or service within the returned funds before they cancel. In other words, in more procurement acquisitions the funds expire in the fourth year and can no longer be obligated for new requirements, but are still available to pay the bills on the contract for which they are intended. If the funds are not invoiced by the end of the canceling year, they are no longer available for anything, including to pay the bills on said contract. DCMA communicates with the contractor to determine whether all the funds left on the contract will be invoiced. If not, DCMA must de-obligate the excess funds from affected fixed-priced contracts to return back to the buying activities, usually by the last quarter in the expiring year. Three months' time is not enough time for the buying activities determine whether they need more of the same product, then reprogram the funds and finally execute. Canceling funds coding, contractor communication, de-obligating, and transmitting to the buy activities serves no purpose for either the customer or DCMA.

If DCMA were to allocate resources based on risks across the universe of its contract workload and contractors versus easily automated functions, then its workforce would become problem solvers rather than functionaries chasing metrics. Decision-makers, such as the ACO, could take on more contract actions across a wider field of contractors that require critical thinking, instead of working on day-to-day perfunctory



actions. Different functions may view risk in a different way. Would it be best to have the program manager assign the risk rating and see if it is a product or service they can accept or not? If DCMA were to look into risk rating, they would need to do it in a collaborative way in order to have the stakeholders agree.

In regards to return on investment (ROI), in many instances DCMA finds savings in the thousands while analyzing a pricing case, negotiating an Undefined Contract Action (UCA) or reviewing progress payment withholds. The savings from DCMA's scaled work end up back with the buying activities. If DCMA were able to develop a method to track, quantify, and re-coup these savings, most of the agency's salaries and costs would be paid simply through these ROIs.

In order to satisfy the quality functions that are delegated to DCMA and still keep to the mantra of "doing less with less," IT enhancements would need to take place in order to facilitate quality inspection and acceptance in a virtual world where Quality Assurance Representatives (QAR) can inspect product remotely. First, a clause would have to be crafted and approved into the FAR/DFARS to ensure that contractors have the proper equipment, i.e., video cameras, secure internet connection, and computer capabilities to demonstrate that the product presented to the QAR conforms to the terms and conditions of the contract.

DCMA leadership should champion the recommendations put forth here. The investments in the agency here and today will pay dividends tomorrow for the department. Said recommendations must be fully developed and feasibility studies conducted before presenting them to the OSD A&S undersecretary as a part of the Budget Estimate Submittal (BES). If top DCMA leadership can flip the script of "doing less with less" into "accomplishing twice as much with just a little more," then the agency has an opportunity to create more value for its customers.

DCMA's customers must become comfortable with relinquishing control over a portion of their contracting workload so that DCMA can develop the personnel, policy, and procedure to take over the pre-award activities of some simple acquisitions LPTA. This

will not be an overnight, turnkey event. Knowledge transfers, agreement, and coordination must take place to ensure a smooth transition.

Although all DOD DAWIA Level II-certified contracting personnel have been trained on the aspects of pre-award functions, the fact is, if those skills are not used, they atrophy. In the 2 years of mandatory contracts training, the majority of classes focus on the pre-award and award side of contracting, and very little to the post-award. Many DCMA 1102s (contracting personnel) are very comfortable in the post-award realm and may not wish to relearn what they have been taught, but in order to stay viable some of those brain muscles will have to be exercised. There will be a cultural massaging of the agency to ready itself for change.

Finally, procurement contracting officers and contract specialists are not born; they are educated and developed over time. The skills of acquisition planning, market research, and solicitation development will take time to minimize mistakes and give confidence to customers that DCMA can handle the job.

***b. Crossover functions between agencies***

**Problem:** Full optimal use of DAFA falls short by not using the resources of services that other DAFA agencies can provide.

**Research and recommendations:** There are professional functions that if one agency is in short supply of personnel to perform, then another agency could augment to complete. This is particularly true within the 1102 (contracting) community of the DOD. For example, if DLA were inundated with pre-award contract actions that it could not handle at current staffing, then it could turn to the newly expanded DHRA to see if there are contracts personnel who are working at a less than optimum level who could be employed to assist DLA temporarily.

Individuals might not agree to temporarily work for other agencies if this was not in the terms and conditions of their hiring agreement. Currently each agency has their own acquisition guidance, not just the FAR and DFARS, and it could take time for people to

learn these rules and adjust to the systems in not just acquisition but any systems that were used, depending on the career field.

*c.       **Transfer pre-award contracting to DCMA or the newly conjoined agency***

**Problem:** The military service buying activities all have a workload of simpler contracts, such as a well-defined requirement under the Simplified Acquisition Threshold (SAT), Lowest Price Technically Acceptable (LPTA), and supply purchase using best value trade-off that take time away from the command's ability to work on the more complex and, thus, more risky contracts.

**Research and recommendations:** Transfer pre-award functions of well-defined requirements, LPTAs, and supply best value trade-off competitive requirements could transfer to DCMA, freeing up buying activities to concentrate on the more complex acquisitions and grants. Although DCMA should be brought into the acquisition planning process, it unfortunately rarely is. It would be advantageous for the agency that is going to administer the contract to be the one that prepares the well-established solicitation, if not awards, the contract.

The pre-award contracting processes and procedures that would occur during the award phase are as follows:

1.       Pre-award notification to unsuccessful offeror's: Prior to contract award, the DCMA PCO would give written notice to the unsuccessful offerors that their proposals did not fall within the competitive range.
2.       Award Announcements: DCMA would write up the award announcement and synopsis for upload on the proper announcement platforms.
3.       Awarding a contract: After completion of final evaluations and the business clearance approval from the Buying Activity, the DCMA's PCO would then coordinate with the BA contract specialists to upload the awarded contract into the proper repositories, such as the Electronic Data Access (EDA) and the BA's repository. The successful offeror would be contacted by DCMA and set up a Post Award Orientation Conference.

This truncated process would speed up the time by which the customer receives its product or service is initiated. All too often the time that is taken to move the award into the proper platforms and the contract uploaded into the Mechanization of Contract Administrations System (MOCAS) can impede the time that the contractor needs to start to perform on the contract. A seamless process would ensure conversations between the Contract Administration Office (CAO-DCMA) and the contractor before and after award.

4. Post-award debriefings: The post-award debriefing would be conducted by DCMA and would be the administrator of any protests that may arise 10 days after the debrief. DCMA counsel is well versed in protests and could handle this function adroitly. Since the types of contracts that would be delegated to DCMA for award would be well-defined, possibly those under the Simple Acquisition Threshold (SAT) and LPTAs, the chances of protests are minimal.
5. Contracting Officer's Representative (COR): The assignment of a COR is not necessary since DCMA already performs the technical or administrative functions on DOD contracts. DCMA simply expands its services into the pre-award side, administering the same type of contracts that are within its core mission.
6. Contract/modification distribution: Any modifications resulting from the pre-award discussions and PAOC would be written by DCMA and distributed to all stakeholders.
7. Contracting Action Report: After award, DCMA would be responsible for uploading all contract data into the repository called the Federal Procurement Data System (FPDS).
8. Comprehensive Resource Reviews. There is no comprehensive method by which to analyze the work capacity of individual FTEs and agencies to ensure that all workers are utilized to the fullest and most valuable extent.

**Research and recommendations:** Use resource reviews in the newly formed DHRA to move government FTEs to positions that need fulfillment by another government FTE, both virtually and physically, temporarily and permanently. Government FTEs could be between agencies on a six month or annual basis with just a line of accounting change through a MICR, but the lending agency retains the FTE on the books.

#### **14. Service Privatization**

##### ***a. Commissary and Exchange (C/EX) services***

**Problem:** Commissary services are like banking services, in that they are not inherently government functions and could be awarded to commercial corporations, just like banking is across all CONUS and OCONUS facilities worldwide (If the closure of DeCA is not implemented in whole.).

**Research and recommendations:** In some countries and military installations, depending on size and location of the base, commissaries are a very necessary component to maintain a quality of life for those stationed there. However, some can be eliminated due to availability of shopping locations within a close proximity to the installation. Certain installations would need to have commissaries due to the vast difference in the culture and supplies of that country or the distance to travel off of the installation.

The military personnel would still reap the benefits of a commissary even if the services were privatized, i.e., products would still be offered without the tax burden. Additionally, other than maintenance of buildings, if this was a competitive acquisition for management of the commissary, the DOD would have less burden of management. A study would need to be performed with key factors of which locations in fact needed access to a privatized commissary. With any change the transition would cause challenges, and morale for locations in which commissaries would be closing could be impacted.

##### ***b. Inherently governmental activities review***

**Problem:** The DOD blurs the lines between inherently governmental activities and commercial activities.

**Research and recommendations:** The FAR states that “contracts shall not be used for the performance of inherently governmental functions” (Federal Acquisition Regulation, 2021). Some examples of inherently governmental functions are criminal investigations, commanding military forces, conducting operations in relation to foreign policy, budget planning and requests, directing/selecting federal employees, specific contract actions, legal advice, inspection and acceptance of goods, FOIA actions, and specific law enforcement actions.

The 2016 GAO report DOD ICS discusses specific issues and findings in relation to the government’s use of service contracts. Service components are working to begin identifying the six elements of their certification letters.

Element 1— Explanation of the methodology used to conduct the review and criteria for selecting contracts for review. FY2014 OSD Guidance also required components to discuss the three following review techniques 32 in the certification letters, which we considered as part of the required discussion on a Component’s ICS review methodology.

Element 2—Identification of any inherently governmental functions or unauthorized personal services contracts, with a plan of action to either divest, correct, or realign such functions to government performance.

Element 3—Identification of contracts under which closely associated with inherently governmental functions are being performed, with an explanation of the steps taken to ensure appropriate government control and oversight of such functions or, if necessary, a plan to either divest or realign such functions to government performance.

Element 4—Identification of contracted services to be realigned to government performance that should be: exempt from private-sector performance in accordance with DOD Instruction 1100.22, “Policy and Procedures for Determining Workforce Mix,” April 12, 2010; require special consideration under 10 U.S.C. § 2463; or could be more cost effectively performed by government civilians, consistent with DOD Instruction 7041.04, “Estimating and Comparing the Full Costs of Civilian and Active Duty Military Manpower and Contract Support,” July 3, 2013.

Element 5—Actions taken or considered in regards to annual program reviews and budget processes to ensure appropriate (re)allocation of resources based on reviews conducted. The FY2014 OSD Guidance also required components to discuss in their certification letters how they used the ICS reviews and subsequent workforce shaping decisions to inform

programming and budget matters, including requests to realign work, as appropriate, to military or civilian performance, and to inform their strategic workforce planning efforts, 33 which we considered as part of the required discussion on a component's use of the ICS.

Element 6a —A table showing the results of these reviews in terms of the number of CFTEs and dollars associated with the following categories:

- Inherently governmental functions
- CAIG functions
- Critical functions
- Unauthorized personal services
- Authorized personal services
- Commercial functions
- Element 6b—If relied upon, components should list Overseas Contingency Operation funded functions in a separate table, to the maximum extent practicable. (DiNapoli, 2016)

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Challenges and Issues—Even though Services are working to certify without having to identify service contracts that are inherently governmental, the GAO believes these are being underreported. To compare this, approximately \$10.8 billion in obligations per year are identified as closely related to inherently governmental functions.

From the previous statistics, it is clear that the subject of inherently governmental contract functions is a large issue within the DOD and DAFA. In 2014 the GAO recommended that the DOD address the issues in relation to the use of inherently governmental service contracts along with issues closely related to these functions.

Within the DOD, specifically DAFA, managers are not sufficiently trained to identify contracts related to inherently governmental functions. DAFA has a mix of COs that are either awarding fast-paced contracts, then handing them off to ACOs who are taking on the administration and not knowing the background or specific legal determinations needed to clear the inherently governmental award action hurdles. At times, it is easier to have contractor personnel perform functions. Having contractor personnel perform functions when they are able to be sources assists DOD personnel in relieving management functions, scheduling issues, training, etc. However, per GAO-17-17, “the government can become overly reliant on contractors in some situations, such as when a

contractor performs functions that put an agency at risk of losing control over functions that are core to its mission and operations” (DiNapoli, 2017, p. 6).

Each DOD agency has been tasked to develop a plan to confirm that the determination prior to award of a service contract is not inherently governmental. The plan must include enforcement methods and an approval process. Agencies and Services have 90 days to report that their contracts have been entered into the tracking system and performed properly, and that they do not contain inherently governmental services or services closely related to inherently governmental services.

Some Services have already started to implement their plan to track and manage inherently governmental actions. Most agencies were tracking these actions by a selection in the FPDS-NG system. However, the Army implemented its CMRA system to collect the necessary data to file their reports. GAO audit report GAO-17-17 states that the DOD has been working to establish a Common Manpower System in order to inventory the service contracts. However, this was started in 2011 and has still not been finalized (DiNapoli, 2017)

This process would be improved and easier to audit if all DOD agencies used the same approval process and documents. It has often been reported that the approval process for service contracts is lengthy and confusing along with uncertainties in the approval authority and responsibilities. The criteria for improving these service contracts should match or coincide with the six elements the GAO requires to be submitted on the yearly certification letters. DAFA agencies could also develop better ways to estimate the actual contract FTEs needed, and a robust reporting system would help to support this estimate.

*c. ICS and Government Mandates*

**Problem:** ICS and Services Contract Reporting (SCR) data reported to Congress is not effective to maximize DOD’s strategic planning, decision-making efforts regarding manpower, budgeting, acquisition of services, and utilization of Fourth Estate resources; and reduce commercial contracted services.



**Research and recommendation:** The DOD is not receiving the best cost, quality, and performance by offering the excess activities to outside contractors before internal agencies. The Office of the Secretary of Defense has revised the DOD’s Contractor Manpower Reporting Initiative to implement the recommendations of the advisory panel under the NDAA FY2016, section 809, to develop replacement approach to the ICS. The number of DOD projects and activities increases every year. Congress has mandated that the DOD use the ICS to project future contracted services, and DAFA should be part of the conversation and solution. There is a perception in Congress and America at large that the DOD civilian employee population is bloated; therefore, many services are categorized as other than inherently government work, so that the funding can be transferred to procurement funding. Private contractors are hired for three year terms at rates and time periods that make the activities more expensive in the long run, yet the public is none the wiser, as to the higher costs.

“FPDS-NG provides, for contract actions of at least \$3,000, information on the amount of the contract action, identification codes indicating whether the firm providing the service is a small business, the North American Industry Classification System (NAICS) code for the service being purchased, and the primary Product Service Code (PSC), a more finely grained indicator than NAICS codes of the nature of the goods and services purchased” (Moore, et. al., 2017, pp. xvii-xviii). Of the eight service portfolio groups, several are required to be included in military departmental submissions to Congress for intentional outside sourcing: equipment-related services, logistics management services, electronics and communications services, and knowledge-based services.

The two areas of greatest interest are knowledge-based and logistics management. In FY2020, contractors began reporting manpower data relating to the performance of contracts into the System for Award Management (SAM.gov) database. The DOD Service Contract Report provides data by PSC code, number of FTEs, and total cost invoiced. Total Professional Support service total for FY2020: 1600 transactions with 83,450 FTEs (primes and subs) at \$16.7 billion in invoices, which is an average \$200,240 cost per FTE or average cost of \$96.27 per hour. The Support-Management Logistics Support provided

totals for FY2020 of 220 transactions, 42,588 FTEs and \$4.1 billion, which is an average cost of \$95,670.22 per FTE or \$45.99 per labor hour.

We compared the SCR Program Management/Support average labor rate of \$70 per hour to DCMA average labor rate of \$55 per hour, which indicates the SCR contractor rate is 21% higher (Comparably, 2021). Therefore, for each FTE position filled by a DCMA employee rather than a contractor, the DOD would save \$122 per day or \$29,720 annually excluding indirect/overhead costs. This also excludes the overhead costs of contractors, which is typically higher than government employees. DODI Policy and Procedures for Determining Workforce Mix, section 5 indicates the cost as a deciding factor in workforce mix: “DOD Components shall use DOD civilian personnel to perform the function unless DOD civilians are not the low-cost provider or there is a legal, regulatory, or procedural impediment” (DOD, 2017, p. 15). DOD components are required to conduct cost comparisons and complete procurements. The cost for services is least expensive for military followed by DOD civilians and the highest costs to contractors. Therefore, besides the tracking of PSC codes, the data is available to complete an analysis. DOD instruction should be followed and government civilians used first before issuing a contract to a contractor.

## **15. Service Enhancements**

### ***a. Crossover functions or hybrid employees***

**Problem:** The full potential of some government FTEs is not realized since the employee is assigned one job designator while working in an agencies.

**Research and recommendations:** The newly enhanced DHRA would have the ability to maintain and manage skills of government FTEs in order to provide the DOD requiring agencies a complement of employees that can work several types of projects over time.

***b. Alignment of priorities with Military Service customers (Example: canceling funds and OTD)***

**Problem:** Research is showing that the MS and DAFAs do not have their main priorities aligned. The services have priorities set at the program level, not on smaller delivery schedules.

**Research and recommendations:**

Navy Priority—Sound business decisions utilizing an acquisition strategy that minimizes time and cost.

Army Priority—Sustainment. Dr. Mark T. Esper, the Secretary of the Army and Gen. Mark A. Milley, the Chief of Staff of the Army, have stated the Army priority must be to “ensure warfighting formations have sufficient infantry, armor, engineer, artillery, and air defense assets ... and robust logistical support must be readily available to units” (DiNapoli, 2018).

Air Force Priority—Dr. William LaPlante, the assistant secretary of the Air Force for acquisition, outlined the five key areas of [priorities].

- Get high priority programs right and keep them on the right track.
- Improve relationships and transparency with stakeholders.
- Own the technical baseline for important programs.
- Build [“Better Buying Power”] to improve business and small business in order to achieve best program outcomes.
- Build long-term strategy, resiliency to peer competitors, experiment and innovate—strategic agility. (U.S. Air Force, 2015, para. 1)

DAFA’s priority number 1 is on time delivery (OTD), “enhance lethality through the on-time delivery of quality products.” (Defense Contract Management Agency, 2020)

Under the goal, there are four objectives:

- Improve delivery performance by influencing timely delivery of production outputs,
- Improve product quality by influencing industrial base performance,
- Improve customer support and force readiness by reducing process cycle times, [and]
- Enhance DOD’s protection of controlled unclassified information by ensuring contractors implement appropriate cyber requirements. (DCMA, 2020, p. 3)

When talking with other buying activities, they often complain about this priority that DCMA puts so much effort into. Yes, they understand it is important for the supplies to be delivered on time to the warfighter; however, DCMA measures this by being a single day late. Many of the buying activities did not want to entertain discussions with DCMA about consideration and extension modifications. However, DCMA spends the most time working this initiative for Contracts and Manufacturing versus other functions of their job.

Another main priority that DCMA focuses on that does not benefit the other MS and DAFA's customers is canceling funds. DCMA has a goal to reduce canceling funds for each year to below 10% by either having contractors submit invoices for work that has been performed or request or issue modifications de-obligating the funds that will not be used to return to the buying activities for execution. Often the funding is useless to the buying activity by the time it is returned, due to long processes on reprogramming the funds and acquisition processes. In the book, *Mastering Strategy* "One of the most overlooked aspects of crafting strategy is the need to define and set objectives" (Braun, 2014, p. 18). Competing priorities are shown for each of the queried agencies. Agencies might not want to adapt to what is decided on as the priority.

- Permanent telework for certain personnel and/or agencies

**Problem:** Government FTEs, in certain fields, are more productive when working from home or an alternate work site, yet are forced to come to a building to work with others.

**Research and recommendations:** COVID-19 has put many DAFA agencies on an almost permanent telework footing for many of its personnel. However, most agencies have telework policies that only accommodate telework for a percentage of time during a period. According to the Office of Personnel Management (OPM), the "official worksite for an employee covered by a telework agreement who is not scheduled to report at least twice each bi-weekly pay period on a regular and recurring basis to the regular worksite is the location of the telework site (e.g., home or other alternative worksite), except in certain temporary situations" (OPM, 2021, para. 3).

COVID-19 has turned a temporary situation into a semi-permanent condition. In order to accommodate some of the recommendations here DAFA agencies should change internal telework policies to allow qualified personnel to work in an approved remote location 100%. This will give the agencies flexibility to then make accommodations as to reducing their facility footprint size, collocate with another government agency, or do away with the workplace altogether.

As of June 2020, 42% of the U.S. labor force was working from home, according to research from Stanford University. Even before COVID-19, the movement towards working from home was rising (Fuscaldo, 2020). At one point DCMA was at almost 100% telework and sustained this footing for over 3 months. DAFA agencies have made IT accommodations to facilitate permanent telework for their workers; however, their telework policies have not caught up with the situation. The DOD should continue to develop one department-wide video platform, such as MS Teams, that provides all the features of other conferencing platforms, such as Zoom and Webex, so that all DOD agencies can communicate with each other with optimal connectivity and security. As it stands today, different DAFA agencies are using different video conferencing platforms to hold meetings, and then refusing to use the other's platform because it is not authorized. Then the two agencies are left to using a phone conference line, which does not allow for the same experience, such as shared screen, chats, and recordings of the meeting.

*c. Performance based compensation/Workload capacity (concept that the Union would accept)*

**Problem:** A compensation system that rewards as personnel perform their duties that are outside normal business practices (i.e., augmentation of other DAFA agencies).

**Research and recommendations:** The DOD adopted DOD Civilian Acquisition Workforce Personnel Demonstration Project (AcqDemo) in 1999 for agencies to use when desired. DCMA adapted this performance management compensation plan for their “non-bargaining” unit employees in 2017. The purpose of AcqDemo is “to demonstrate that the effectiveness of the Acquisition, Technology, and Logistics (AT&L) workforce can be further enhanced by allowing greater direct managerial control over personnel functions

and, at the same time, expand the opportunities available to employees through a more responsive and flexible personnel system” (DCMA, 2017, p. 3)

This personnel system is developed to compensate the employee for their total job scope, which capitalizes on the impact of the contributions the employee makes to the whole agency, not just their respective position. This then funnels down to a pay panel board at the end of each year, where they evaluate and rank each employee’s contributions and then a monetary reward or pay increase is given if warranted for that employee’s contributions. Overall responsibility for this program is the DCMA Director.

Since some DAFA unions will not approve AcqDemo for the bargaining unit employees (non-supervisory), a new appraisal system called DOD Performance Management and Appraisal System (DPMAP) was rolled out. This program applies many of the same concepts as the AcqDemo system. However, a monetary reward is not paid out at the end of the rating cycle. This system requires formal feedback each quarter and allows the employee to also provide feedback and supporting data. This system does not prove to be as effective as AcqDemo, as the employees just receive a rating without the monetary incentive. If DAFA can develop a system that both the bargaining and non-bargaining unit employees can use, there would be less discernment among the population of the agencies to be all compared to the same system.

As the favorable reward among the population would most likely be monetary or time off, the agency cannot afford this type of compensation in such a wide variety of a platform. Other rewards of encouragement could be the approval of overseas assignments and rotations for those who are interested, availability of leadership and other optional training courses that could benefit the employees portfolio as well as a “promote vs. Non promote” on each individuals yearly review, much like the Navy FITREP rating system.

DAFA agencies should develop and adapt a performance system that encourages more than just meeting expectations. The system should be looked at as more of a strategy. Strategy has multiple different definitions. The book “Mastering Strategy, Workshops for Business Success,” defines strategy as follows: “Strategy is the art and science of how one company outperforms its competitors and itself, as measured by its profitability” (Braun,

2014, p. 15). This could be an outstanding baseline for DAFA to use in coming up with an overall model of how the agency could improve the performance management system. Employees should not be forced to work in a hyper competitive workplace; however, they should be encouraged and rewarded for work that is done beyond the expectations as well as for ideas and contributions that improve the agencies return on investment and provide a better outcome to the customers.

*d. Contingency contracting operations and response force*

**Problem:** Many DOD agencies struggled with normal operations when the COVID-19 virus hit first our nation. Everyone that could possibly telework was put on maximum telework, office hours varied, computer networks failed, and employees struggled with how to perform in a contingency environment.

**Research and recommendations:** Memorandums from the OSD were being issued to the acquisition workforce with guidance such as the CARES Act, which impacted pay for contractors' employees during the pandemic. This guidance was all new to the ACOs and COs, and the questions were coming in from all directions, whether it be the contractor or the government who needed to enact these changes. New clauses were being released to offer some relief when needed for contractors. Many acquisition professionals did not know how to enact, enforce, or operate with these clauses.

The second largest change that occurred to normal contract operations was the issuance of Class Deviation 2020-O0010, Increased Progress Payments. The issuance of this deviation caused a ripple effect for both DCMA and the buying activities for contracts that contained the progress payment clause. This change allowed for the contractor to submit progress payments at 90%, the contractor's total cost incurred under contracts, versus the normal 80% computation rate. This change required each contract when a contract was requested to be modified, adding burden on the government's side.

**16. IT Enhancements**

Agencies in the Fourth Estate currently control their individual IT infrastructure and IT help desk, which were all handled differently and was identified as a security risk.

(Barnet, 2020). DISA began consolidating the Fourth Estate networks into one common-use IT infrastructure. The start of the consolidation was planned in FY 2018 and continues through completion in FY2025, according to Principal Deputy Chief Information Officer John Sherman (Barnet, 2020). The Fourth Estate Network Optimization (4ENO) initiative will merge 22 services and support operations run by DISA. The agencies affected include: DCAA, DCMA, Defense Media Activity, Defense Microelectronics Activity, DFAS, DISA, DHA, DHRA, DLA, Defense Prisoner of War/MIA Accounting Agency, DTRA Defense Technical Information Center and MDA. Drew Jaehnig, project lead, said, “DISA has been working with the affected organizations for months, ensuring the network consolidation effort is a collaborative process. The fourth estate network optimization effort is expected to result in a cost avoidance for the department, which means money can be used for efforts supporting increased lethality” (Barnet, 2020, para. 4).

As IT infrastructure has been identified for consolidation, the solicitation on beta.SAM.gov reads: “Defense Enclave Services, (DES) will provide integrated, standardized and cost-effective IT services; while improving security, network availability and reliability for the 22 DAFA’s within the Fourth Estate.” (Jasper, Dec 2020, para. 3). The consolidation of the effort by DISA will cost \$11.65 billion (Jasper, Dec 2020). The return on this investment will depend on how fast the transition can occur. Utilizing this example, other opportunities to jointly combine agencies will require an investment but the return in cost saving or cost avoidance in the long term will be worth it.

*a. Modernize MOCAS*

**Problem:** Mechanization of Contract Administration Services (MOCAS) is old—it is 62 years old (Verma, 2017). The system is outdated and the number of specialists that can maintain the COBOL framework is dwindling every year.

**Research and recommendations:** While several policy changes have been made since the outbreak of COVID-19 to increase telework allowances, fewer innovative IT enhancements have been implemented in DCMA to maximize telework operations. Some of DAFA’s IT systems have still not been modernized. The primary contractual database for DCMA is MOCAS, The website “Fossbites” states “Meet MOCAS—World’s Oldest



Computer Program That's Still in Use" (Verma, 2017). The MOCAS database is written in COBOL, a 61-year-old computer language that requires many more lines of coding to bring logic into program.

Each year there are fewer and fewer COBOL programmers that can maintain this behemoth of a system that must be shut down every month for 3 days for repairs and maintenance. The MOCAS system is primarily used by DFAS and DCMA because they pay for the maintenance of the system. DFAS is responsible for the initial contract inputs from all of DOD buying activities, while DCMA has the responsibility to review and edit the contract inputs, for the contracts that are delegated thereto.

Figure 4 represents the MOCAS active system:

The screenshot displays the MOCAS Active System interface. At the top, a menu bar includes 'File', 'Edit', 'Connection', 'Setup', 'Macro', 'View', and 'Help'. Below the menu is a toolbar with various icons. The main window has a black background with green text. The title bar reads 'UNFM51 H ACO PROGRESS PAYMENT MASTER'. The date '19 02 12' is displayed in the top right corner. The interface shows several fields for contract details, including 'CBUD:', 'PIIN: W56KGY 17 D0005', 'SPIIN: 0013', 'RGS-CODE: DC24382', 'ACTION-CD:', 'SR-CODE: 1', 'REVIEW-DATE: 19 JUL 07', 'DATE-REVIEW-COMPLETE:', 'FIRST-ARTICLE-DOLLAR-LIMIT:', 'FIRST-ART-ACCPT:', 'PERCENT-PROFIT:', 'ALT-LIQ-RATE-US: 80 0', 'ALT-LIQ-RATE-FMS: 80 0', 'RED-CD-US:', 'STOP-PAY-US:', 'CAGE: 03538', 'SYSTEM-REVIEW-INDICATOR:', 'RED-CD-FMS:', 'STOP-PAY-FMS:', 'CAO-ORG-CODE: DG', and 'ACO-CODE: DV3'. At the bottom, it says 'EXISTING RECORD - MAKE CORRECTIONS OR DELETE'. The status bar at the very bottom shows 'MA+', a right arrow, and '06/040'.

Figure 4. Source: MOCAS Active System

If the DOD as a whole could work to establish a contract writing system and a database system such as a modern MOCAS system, the agency would be very effective and helpful to all of the buying activities. There is not a value-added system when DCMA is issuing modifications for the buying activity to turn around and just duplicate it in their system. If IT enhancements were made across the board for the DOD, it would be very

effective along with DCMA being capable of assisting more with contractual delegations. The recommendation for this process is that each agency and buying activity bring to a “working group” the requirements for their management process, along with the requirements for the database system, to request funding from Congress to see this process through to completion. Figure 5. represents the complexity of MOCAS input.

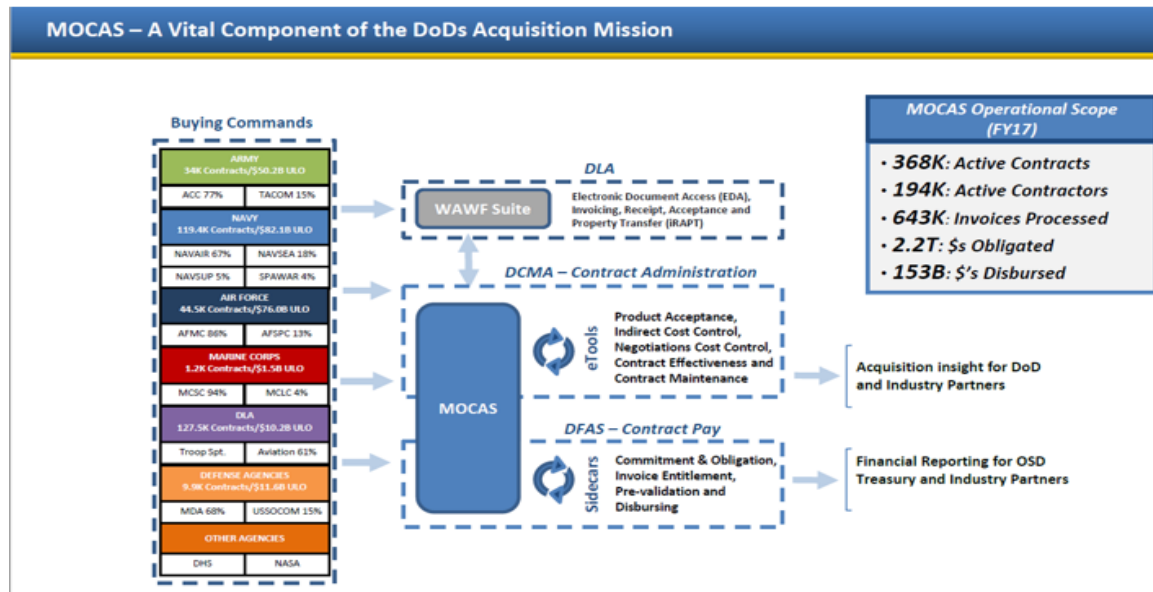


Figure 5. MOCAS —A Vital Component of the DOD’s Acquisition Mission. Source: Defense Procurement and Acquisition Policy (2018, p. 4).

DCMA manages every part of the contract administration through MOCAS. The systems DCMA interfaces with, such as the Procurement Integrated Enterprise Environment PIEE, feed into MOCAS for management and updates. For DCMA, MOCAS manages approximately \$1.3 trillion in obligations and over 340,000 contracts (Verma, 2017). The DOD has an initiative to replace MOCAS. However, DCMA and DFAS are supporting the initiative to leave MOCAS alone and add additional eTools for DCMA and Sidecars for DFAS versus improving MOCAS capabilities.

While MOCAS is the system for database managing, DCMA uses the Modification and Delivery Orders (MDO) to write modifications. DCMA does not issue contracts, only

manages contracts after post-award. This example ties into how almost all of the DOD agencies, including DAFA, use a different system to manage their contractual workload. The systems range from PD2 to CONWRITE, MOCAS, and MDO. Based on our research the buying activities indicated angst in delegating contracts to DCMA that stems from the fact that the contract modifications do not feed directly into their systems. Most have to issue “dummy” modifications after DCMA performs their action in order for it to feed into their system. DLA indicated that they would prefer to delegate their whole workload after administration to DCMA if the systems were able to interact with each other. Another hindering factor for MOCAS is that the contract or buying activities modification can take up to 30 days to populate in MOCAS. DCMA can view the contractual action in Electronic Data Access (EDA), but if it is not in MOCAS, it does not feed to the eTools, which means DCMA cannot work any post-award contractual actions.

***b. Universal Sharing and Communication Platform for DOD and Private Industry***

**Problem:** The DOD does not have a universal sharing and communication platform that can be used by all of the DOD, its customers, and its contractors. One unified collaboration platform is needed to open the channels of communication across the enterprise.

**Research and recommendations:** This is probably the most important, needed, but feasible technological requirement that the DOD could implement in order to meet future demands of “doing less with less.” The DOD should demand a unified video conferencing platform that incorporates the best features of the commercially available platforms and equip it with the security measures necessary to have it used from the DOD Industrial Base, the contractors, all the way up to the Pentagon. As it stands to today, each agency decides which video platform will be used, such as Zoom, Webex, MS Teams, or Skype. If multiple agencies are using multiple platforms, but need to communicate with presentations, documents, and the sort, then:

1. Stronger internet connectivity
2. Portal to push jobs to DAFA when MS cannot handle

3. Allows for remote inspection and acceptance of product
4. New FAR / DFARS clauses would be required

There are many products of supplies that allow for DCMA to inspect remotely; however, at present there are no FAR/DFARS clauses that compel contractor to implement the video, measuring, and connectivity equipment to make this possible. A universal share portal/platform should have all the necessary software to allow the government and contractor to share files and hold “face to face” virtual meetings all in a secure environment. The DOD should create a universal sharing and communication platform that facilitates for interaction up and down the chain of command within the DOD all the way to our contractors. Then the DARS Council should bring language into the DFARS that obligates awardees of certain contracts to own and operate the equipment to allow the contract administrating office to perform inspection and acceptance remotely. Just from a quality control standpoint, one can see that the less time a quality assurance specialist spends on the road driving from facility to facility, the more time can be spent actually inspecting and accepting product.

In contrast with a contract clause stating that the product could be inspected remotely (virtually), there would still be some products that would not ever be allowed video inspection, such as aircraft engines, which are so sensitive that virtual inspection would not be in the best interest of the government. Aircraft engines are only but one object that would not be a proponent of virtual acceptance. Other items could be weapons, ammunition, parachutes, and other flight critical items. But still the number of contracts that could be virtually inspected far outnumber those that could not.

As mentioned above, multiple options exist as a base design for a universal sharing platform, such as Defense Collaboration Services, Zoom, Apple FaceTime, MS Teams, and Webex. However, the platforms, firewalls, security practices, and software protections different DOD agencies use make interagency communication impossible, as well as government-to-contractor video communication and data sharing. As it stands in 2021 there is no directive to move all DOD and its industrial base to one platform.

Currently, DCAA uses Skype to video communicate, DAU uses Webex to teach classes, NPS uses Zoom to instruct, and DCMA, along with many other agencies, uses MS Teams. The DOD must select one platform and develop a vertically integrated system that captures the necessary features of all users and implements the security measures that ensure that all compartmentalized controlled and classified information that is transmitted stays within protocols. The development of the potential required clause as discussed previously could be the requirement for the contractors to use the universal software sharing platform that was approved by the government. The contractors would have to know this requirement at time of solicitation in order to estimate costs associated with acquiring, rolling out, and training on whichever system would be most advantageous for the government.

During the COVID-19 pandemic, the government did have to temporarily resort to video acceptance using tools, such as FaceTime on Apple devices when available. This temporary method has led the government to explore which platform will work best as this is likely going to be the future of acceptance for the government. Prior to COVID-19, Defense Collaboration Services (DCS) was the primary source for intra-government meetings. Only government contract holders that had possession of a Common Access Card (CAC) were able to support meetings with this platform.

Most contractors preferred to use Zoom as the meeting platform as it was a simple URL-based website that worked best with Firefox. However, most government IT platforms would not allow support of this system that performed best with Firefox due to the security vulnerabilities currently associated with the platform. A potential preferred platform for both the government and contractors could be Microsoft Teams. This platform is available to both the private sector and a secured platform for the government and is best operated with Google Chrome. Microsoft Teams offers video chat, file share, chat and file storage. If the contractors were to not have an established account, they can go to the Web URL and then access the meeting by an invite URL from the government.

At times program groups were using DOD SAFE to share documents between offices or agencies as needed. This is not an efficient method as multiple emails have to be sent to actually gain the URL for download. If it needs to be sent to a contractor, the

government has to log in and create a depot holding spot to gain the URL for the contractor to then log in and send the document. Most government agencies and organizations used SharePoint; however, with SharePoint access between agencies was not permitted. With Microsoft teams, “channels” can be created. As long as someone is invited to the channel, they can access the folders and share documents as needed without clogging up the email space and storage, which is always an issue with agencies. If the agency were to adopt a universal platform, the testing before implementation should be to the maximum extent possible, testing from both the DOD, deployed, and telework environments to ensure the network and system can handle the capacity that is needed.

A system like Microsoft Teams would solve the virtual QAR acceptance issues and save money for the government by eliminating the maintenance of multiple conferencing and file sharing systems along with training the workforce for both the contractors and the government to be fluent on multiple platforms. This money would be saved in software purchasing expenses and IT support expenses by managing only one platform, creating experts on one system versus multiple systems.

## **B. EMERGENCY SITUATION IMPROVEMENT**

### **1. Current Support Abilities**

- Contingency Response Force (CRF) for ACOs and QA, belong to the CRF function.
- Support to Contingency Operations and CONUS disasters, such as Operation WARPSPEED in development of a COVID vaccine.

**Problem:** There is a lack of trained contingency and emergency essential personnel in DAFA that can augment and support the military services in contingency situations.

**Research and recommendations:** Increase training for the CRF positions and possibly increase the number of these positions. Give better incentive pay and partial time towards active military service, if the location puts the FTE in harm’s way. Historically some areas will still have issues filling the CRF position.

## **2. Additional Resources Needed**

**Problem:** We do not have adequate support abilities for contingency and emergency events.

**Research and recommendations:** When contingency events arise, DAFA or the DOD could offer such events as training roundtables—training events to support when new directives are put out. Vice roundtables, a specific FAQ-type inbox that was actually responded to could also help the contracting officers in response to this type of events. This FAQ box or roundtable should not just be government specific but also available for the contractors in order to limit the questions and research needed by their assigned administration office. Adequate training and enough volunteers for this type of effort are needed. This effort might be more successful if it was a combined DOD effort once operating systems were standardized across agencies. Having enough volunteers for the needed workforce such as acquisition and QA along with DOD and other career fields is crucial.

## **3. Mobile Support**

**Problem:** Not every geographic area can support an emergency event in their area.

**Research and recommendations:** Given the incidents with COVID-19, another possible option is that DCMA create a mobile response force. This volunteer force could be the driving force behind the contingency response force, especially for CONUS operations. DCMA faced several new acceptance facets such as the acceptance of the operation WARPSPEED contracts which focused on COVID-19 impacted items. ACOs from all over the country are working these acceptance items with the ACOs. To streamline this, a voluntary mobile response force along with the QAR specialist could work this type of issue and provide a better streamlined group of experts when each individual catastrophe appears.

## **4. Contingency Response Force**

**Problem:** The DOD does not have enough individuals to respond to emergency and contingency environments with adequate training.

**Research and recommendations:** Develop a permanent contingency response force (CRF), much like the one the DOD has with DCMA, where it is voluntary, but the newly formed one would be a Contingency Contracting Corps. While we can expect for changes to happen with any life-changing event, some options for improvement would be a trained contingency response force, whether it be voluntary or by position identification number when hired. The training could offer specific courses for this type of atmosphere.

These courses could possibly give the ACOs a specific contingency contracting warrant such as the military services give to their CCOs. The CCO warrant could better prepare our deployable ACO positions and have them arrive in theater already having the contingency warrant and allowing them to be more “boots on ground” ready to assist.

Courses should be pandemic/disaster/wartime-specific to give the employees an understanding of which guidelines are used in each situation. This training could also be offered further than just DCMA. There are several clauses and provisions that are required in all contracts that have mission-essential functions; the clause requires the contractors to provide a mission-essential service plan. However, without training the ACOs and COs will not know what an acceptable plan would be.

This training could cover that disaster or emergency assistance is FAR Subpart 26.2, which is different from Contingency Operations, which is FAR 18.201-3. Foundations for the training could come from the DOD acquisition guide. This guide covers several of the waivers and exemptions when a disaster or contingency has been declared.



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### **III. RECOMMENDATIONS AND SUGGESTIONS FOR FUTURE WORK**

Our recommendations show real potential for the Fourth Estate to improve value to the military services while also saving the DOD time and money. This could be done by merging some existing agencies together, establish some entirely new agencies, closing other agencies, and expanding the services rendered by the Fourth Estate altogether.

If the military departments create better defined service requirements, meaning long-term through which the DAFA can develop a cadre of skilled service managers, then those service managers can focus on accountability and results by returning future service work back to the U.S. government for performance. Retention of government work requires a blend of allowing existing service contracts to run their course, as the government fills in and trains personnel to become proficient, and redefining the line of governmentally inherent work to create a balance that will facilitate the implementation of four of the five tenants under the first part of former Secretary of Defense R. Gates's better buying initiative (BBI), target affordability, and control growth.

1. Mandate affordability as a requirement.
2. Drive productivity growth through will cost/should cost management.
3. Eliminate redundancy within warfighter portfolios.
4. Make production rates economical and hold them stable.
5. Set shorter program timelines and manage to them. (Carter, 2010)

Although the spirit of the BBI is competition through industry, there are opportunities in which the U.S. government can contract with individuals for labor and save on overhead, G&A, and profit that add no benefit to the work requirements. This situation will not always be possible, but in areas and in times that it is more beneficial to contract with individual professionals as hourly workers (WG), rather than with a company or corporation that provides experts, technicians, and specialists, then the government should pursue that route. The potential to hire individuals that have proven themselves to be worth their wages could then go on to become salaried federal employees (GS), if feasible. There will be cases in which the hourly rate that is paid to the individual is so high

that the General Schedule cannot cover the rate, and so as a part of negotiations the individual is retained as an hourly WG employee indefinitely.

According to the documents housed at the Defense Procurement and Policy (DPAP) website under the ICS, in 2019 the Air Force awarded 47,222 contracts and spent \$47.3 billion on outside services. The Army 84,691—contracts for \$57.6 billion. The Navy—80,203 for \$44.5 billion, and the OSD agencies—56,035 contracts for \$40.3 billion, an aggregate of 268,151 contracts at a cost of \$189.7 billion. The DOD's total budget in FY2019 was \$686 billion (Defense, 2018), meaning that outside services consisted of 28% of the total defense budget. The other considerations are the number of DOD acquisition personnel needed to procure and manage those contracts, not to mention the modifications of those contracts in the normal course of administration. The DOD cannot do without outside contracted services, but there are portfolio groups, such as knowledge-based services (KB) and electronic-related (ER) services (called "IT" here). Services that should be reconsidered in that they constitute over half off all the ICS contracts and are a type of value that the DOD should retain for a variety of reasons.

One of the reasons the DOD should reconsider a portion of both portfolio groups is the benefit of creating acquisition personnel assets that retain the knowledge accumulated over time. Each time that a knowledge-based or IT contract is awarded to an outside contractor, the opportunity to create a permanent asset is lost. The DOD should review these portfolio groups to decide which subgroups could be retained with in the military departments themselves or developed in one or more of the Fourth Estate agencies in the Office of the Secretary of Defense. Procurement contracts usually have 3 years or less in funding, meaning that each time the current contract is about to expire the program office and the procurement office must set about to issue the next solicitation and award. The incumbent contractor has some advantage over other offerors, but award is not guaranteed. This means that the procurement process must cycle through at least every 3 years. The procurement process can be lengthy and time consuming, whereas, if these services were retained then the procurement process is eliminated and an effort to train and retain WG and GS employees replaces the more cyclical process.

It would be a mistake to think that all knowledge-based and IT efforts could be converted to in-house work or that all WG and GS employees would stay with the government 20 plus years; however, if the average newly on-boarded WG or GS were to stay close to 10 years, then, in theory, the procurement cycle is cut from once every 3 years to every 10 years. Better yet, the full competition procurement cycle is actually eliminated in that a new method of procurement through a more simplified individual hiring process would take place.

Even when the incumbent contractor wins the follow-on contract, the mix of employees changes at a faster rate than would happen among government employees, especially GS employees, thereby losing knowledge from a shorter employee retention span. The retention of knowledge through the retention of employees ensures that the required work activities are performed satisfactorily from beginning to end with less time committed to the procurement process and training over an extended period of time with the added benefit of better asset (personnel) control. Moreover, as outside service contracts expire, the government could make offers to those individuals employed by the contractor to come work for the government either in a WG or GS position. This way the government is able to experience and decide what skills and personalities are desirable before committing to employment.

The next reason to retain services in-house are the potential security risks that can occur by using outside services. Utilizing DAFA employees significantly reduce risk of spillage of national security secrets versus non-government personnel. There are certain service contracts that carry security clearance requirements, but the agency relies on the company itself to ensure that its employees adhere to security protocols. These protocols put the government just one or more arm's length from the security source to security breach. The vulnerability of hacks into U.S. government networks is heightened, like what happened last year through a government contractor, SolarWinds. "U.S. intelligence agencies attributed a sophisticated malware campaign to Russia in a massive security breach, which reportedly compromised an email system used by senior leadership at the Treasury Department and systems at several other federal agencies, starting in March 2020 when hackers compromised IT management software from SolarWinds (Hautala, 2021)."

Also, the possibility of counterfeit parts introduced into government cyber systems is increased in IT contracts. It has been reported over the years that the DOD needs to expand and submit actionable reporting and oversight to lessen supply chain risk of counterfeit parts, but reporting is the fact step, after the damage is already done. As prime contractors push down tasks to subcontractors, the possibility of introducing counterfeit parts increases making the supply chain more vulnerable to espionage and hacks. Contractors need not have direct access to the government's most sensitive IT systems to wreak havoc on them. Even the most dependable, tried and true, IT security systems can still have the architecture breached, supply system penetrated, and personnel compromised, which in turn puts the government's systems in a vulnerable position. If the DOD were to continue to farm out those IT services to outside contractors that should be brought in-house, it is suggested that the contracts be arranged so that the contractors are teaching or simulating the processes away from the actual systems, thereby, compelling the DOD WG/GS employees to do the work on the system itself. Break up fully integrated IT contracts in order to compartmentalize the amount of information each contractor receives, leaving only the government employees with the comprehensive knowledge base.

Another reason to bring said contracts back into the civilian workforce is because DCMA is pushing service contracts back to buying commands. For years, DCMA has acquiesced to the acceptance of service contracts into its general workload, even though many of the contracts are not within the charter of the agency. Now that DCMA is caught short in funding in the recent budget cuts under Secretary of Defense Mark Esper, the scramble to return or be reimbursed for many service contracts by the Buying Activities (BA) has become an existential pursuit. The return of thousands of service contracts back to the BA has caught the military departments flat footed and created ruptures in the professional relationships between DCMA Contract Management Offices (CMO) out in the field and their customers who now must put together Contract Administration Offices (CAO) within their own commands. If only a small fraction of the \$189.7 billion procurement for outside services were transferred to DCMA to accommodate the administration of services and possibly the actual performance of KB services, then the \$1.4 billion budget that the agency currency enjoys could double or triple, while saving the

BAs from developing their own CAO and procuring some KB contracts because DCMA could conduct the work. The work activities would have a greater strength of permanency and security. According to the official DCMA website, [www.dema.mil](http://www.dema.mil), in FY2018, “DCMA saved, recovered, or cost avoided \$4.83 billion against a \$1.4 billion budget. That is a 3.46 to 1 return on taxpayer investment” (DCMA, 2019, p. 2).

The last reason is that the DOD should retain more knowledge-based and IT services in-house is mark-up or wrap rate on the actual labor. A wrap rate is the factor applied to a base hourly labor rate to arrive at a loaded labor rate—fringe, overhead, G&A, and profit. Contractors use this wrap to build their proposal, along with a generous time allowance to ensure that a fixed-price contract is lucrative. Every company uses different proposal build models becoming quite complex, but the wrap rate is easiest.

According to the American company, Grant Thornton, a prominent tax auditing firm, which the DOD uses, the average wrap rate used by professional services companies on government RFP was 2.1 in 2017, 2.1 in 2016, and 2.2 in 2015 (Grant Thornton, 2018). This means with all other things being equal and the same approximate rate remains true today, for \$1 that the government spent on actual labor, it had to spend another \$2.10 in overhead that only marginally benefits the government. In other words, the DOD spent approximately \$128.5 billion on overhead as opposed to \$61.2 billion in labor on all of its service contracts. If the DOD were to use the ICS as the tool by which to make “make or buy” decisions, as it was intended, then the outside services contracts could be converted into in-house service in a judicious manner that would allow for a huge savings and more “bang for the buck” in actual services.

There will be internal pressure whether to replace outside services with military personnel or federal employees to save money from the rollback, and then equally the political pressure on Congress to reduce the civilian workforce in the DOD, especially when budgets are strained and the military force is downsizing. The discussion should be about how to determine the optimal blend of military and civilian FTEs. A cadre of service managers (SM) and policy would be necessary to start the ball rolling toward a more robust rollback of services and how. The SM would be trained to the same level as program managers (PM) and have the authority to hire and fire WG employees until, and unless,

converted to GS employees. The SM's skill set will dictate what portfolio group they will manage. Service specialists (SS) will then assist the SM in the day functions that are required to confer with customers and employees.

There are already two agencies within the DOD that could house the future set of KB and IT service providers, DISA and DCMA. Both agencies have the skill sets to develop SM and SS and could easily "contract" with their DOD customers. Both agencies should be given the funding to expand their service portfolios, especially DCMA, to include the pre-award processes, management of individuals on work orders, jobs, and programs for the military services and stay on top of the ICS to review which outside services should be moved in-house and how. Both DISA and DCMA are contracting agencies that could convert services and show savings as those services roll back in, both in the current budget and future budgets.

The current COVID-19 environment may be an opportune time to begin the shift of outside services to the two agencies. The DOD should for the sake of all military, civilian employees, and its Defense Industrial Base (DIB) create one Universal Conferencing Platform. Multiple options exist as a base design for universal sharing and conferencing platform, such as Defense Collaboration Services, Zoom, Apple FaceTime, MS Teams, and Webex; however, the platforms, firewalls, security practices, and software protections differ from agency to agency, making it impossible for interagency communication, as well as government-to-contractor video communication and data sharing. The DOD must select one platform and develop a vertically integrated system that captures all the necessary features and implement the security measures to ensure all controlled and classified information transmitted stays secure. Contractors should be compelled to meet the communication requirements in order to be awarded certain contracts.

In addition to the challenges with the COVID-19 work environment, it expanded the reality for a need of better trained, ready to go with "boots on the ground" contingency response force within DCMA and the DAFA. With the improvements and broader workforce sharing this response force would be able to blend into any work environment, whether it be CONUS or OCONUS. As agencies begin to share work platforms and output systems, this force would be beneficial when needed.

With a Universal Sharing and Conferencing platform there are many services and products that DISA and DCMA could inspect remotely; however, at present, there are no FAR/DFARS clauses that compel contractors to implement the video, measuring, and connectivity equipment to make this process possible. Then the DARS Council should bring language into the DFARS that obligates awardees of contracts of a certain type to own and operate the equipment required to allow the contract administrating office to perform inspection and acceptance remotely.

If the DOD brought in-house just 25% of all contracted services, then, over time, using the 2.1 wrap rate figure, the reduction of overhead costs would amount to a savings of \$32.2 billion (Grant Thornton, 2018). If one were to run those same savings year after year, the numbers really add up. A deeper dive into the government retirement system FERS (Federal Employees Retirement System) and what contract employees are given would further promote the argument of a greater need to provide more self-services in the DOD. Outside contracting will never go away, nor should it, but the DOD should take another look at those services that should be returned back to the DOD to decrease security risk, build assets within department, and save money on unnecessary overhead.

#### **A. FUTURE WORK RECOMMENDATIONS**

Our research is based on theoreticals that must be proven out in order to demonstrate the possible savings and efficiencies that are laid out herein. Future work should be done by implementing the recommendations in a methodical and judicious manner. Standards of outcomes should be set, and then, once implemented, compare savings and efficiencies. If the expected does not materialize, do not continue the experiment and return to previous pre-experiment position. Forming new agencies and merging others will be enduring in nature; however, the expansion of DAFA services would not be—they would be more flexible. Finding the right mix of contracted out services versus the retention and return of others back to the government is what should be studied. The private labor talent pool, coupled with career government employees, led by a new cadre of service managers will determine the right combination with each and every situation.



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